

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
4751 HJUD SB 22 - SB 67

323

STATE OF ALASKA

STEVE COWPER, GOVERNOR

ALASKA PUBLIC UTILITIES COMMISSION

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

420 "L" STREET
SUITE 100
ANCHORAGE, ALASKA 99501
(907) 276-6222

March 31, 1987

Representative Kay Brown
Alaska State Legislature
Pouch V

Juneau, AK 99811

Re: APUC authority over APA Power Sales; Proposed Qualifying
Facilities in Alaska.

Dear Representative Brown:

In a recent inquiry you asked for: 1) additional information concerning Qualifying Facilities under PURPA which have been proposed for the Railbelt, and 2) comment on the legal status of Qualifying Facilities under federal law.

The Commission is aware of four private sector power projects proposed in the Railbelt. AEM Corp. proposes a 25 MW project located at the Healy coal mine and fired by "waste coal." Power from the AEM proposed facility would be sold to Golden Valley Electric Association, Inc., in the Fairbanks area. SGI International, Inc., proposes a 50 MW project, also fired by waste coal, with the output to be sold to Anchorage Municipal Light and Power. Mat-Su Energy Corporation proposes a 20 MW facility fired by peat from the Mat-Su Valley, with the output to be sold to Matanuska Electric Association, Inc. Valley Energy Corporation proposes a 15 MW facility fired by wood chips from forests in the Mat-Su Valley, with the output sold to MEA.

The developers of all four of these projects have filed complaints with the Commission against the utility to which they seek to sell power. Each complaint seeks to have the Commission determine the "avoided cost" which, under federal law (PURPA), the utility must pay for power generated by Qualifying Facilities.¹ The complaints, and particularly the SGI complaint, also seek to prohibit the utilities from making other power purchases, such as from the Bradley Lake Hydroelectric Project, which would eliminate the need for power from the private project. In the SGI case, ML&P disputes whether the SGI project is actually a Qualifying Facility under PURPA.

¹AEM's proposal has been before the Commission since November 1, 1984, much longer than the other three proposals.

PURPA requires a public utility to purchase electric power and energy from Qualifying Facilities at the utility's "avoided cost." Avoided cost means, in essence, the costs which the utility will avoid by purchasing power from the Qualifying Facility rather than generating the power itself or purchasing the power elsewhere.

PURPA also requires the Commission to enforce the obligation of regulated utilities to purchase power from Qualifying Facilities at avoided cost. Thus, whether or not state statutes exempt APA power project sales from Commission jurisdiction, federal law still requires the Commission to enforce the obligation of utilities to purchase power from Qualifying Facilities. In its case, SGI contended that it has a priority over other potential sellers of power to ML&P and that, based on PURPA, the Commission should prohibit ML&P from purchasing any other power, particularly from the APA's Bradley Lake Hydroelectric Project. Although properly before this Commission, the PURPA argument has not yet been addressed because the issue was resolved based on State law. It is highly probable that SGI will be able to continue to advance its position before the AFUC based on the federal statutes even if SSSB22 is enacted. Federal law would require the Commission to decide the issue based on the rights granted by PURPA.

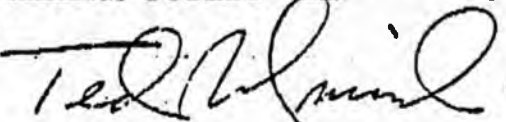
One final point needs clarification. The reason that SGI wishes to prevent ML&P from purchasing power from Bradley Lake concerns, in part, the "avoided cost" determination. A cost is an "avoided cost" only if it can actually be avoided by a utility. Thus, for example, a utility cannot avoid the cost of generating facilities which have already been installed; then, if the utility needs no further generating facilities, there is no avoided capacity cost of an additional generating plant (there might still be an avoided cost for the fuel the plant would burn). Similarly, after ML&P has signed a contract which requires it to pay for power from Bradley Lake, that cost is no longer an avoided cost.

In this sense it is not entirely correct that SGI feels it "can't compete" with a subsidized project such as Bradley Lake. SGI may be willing to sell its electricity for the same price as the APA would sell electricity from Bradley Lake. However, once ML&P is already committed to purchase from Bradley Lake, ML&P may need no further capacity and the avoided cost would then be less than the price of power from Bradley Lake.

I have also attached a copy of our impact statement concerning SSSB22, which addresses some of the same issues which you have raised.

Sincerely,

ALASKA PUBLIC UTILITIES COMMISSION



T.S. Moninski II
Executive Director

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Revision Date: April 2, 1987
 Title: An Act exempting certain telephone and electric utilities and certain transactions from regulation by the APUC
 Sponsor: _____
 Requester: _____

Bill Version: SSSB22

Public Date: _____

Agency Affected: Commerce & Economic Development, Alaska Public Utilities Comm.

BRU: ADUC

Component: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
	0	0	0	0	0	0

REVENUE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

(See Attachment I)

Prepared by: T.S. Moninski, II Executive Director

Division: Alaska Public Utilities Commission

Phone: 276-6222

Date: _____

Approved by Commissioner: _____

Agency: Commerce & Economic Development

Date: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Registrar
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

PREFACE:

This fiscal note replaces all previous fiscal notes for Senate Bill 22 and Sponsor Substituts for Senate Bill 22. Specifically as it relates to Section 3 of the Bill, the Commission notes that while there may be some minimal workload reduction associated with deregulating certain electric and telephone utilities, the APUC has lost 13 of its 83 authorized positions during the last three fiscal years and the relatively small reduction in caseload will be used to assist in the Commission's attempt to cope with the reduction in force.

Sections 1,2,4,5 6 and 7:

Passage of these sections will have no workload impact upon the Commission and, therefore, no fiscal impact.

Section 3. AS 42.05.711(e) and Amendment to Line No. 28 (as shown on page 576 of the legislative Journal):

The number of utilities affected by this section were 13 before the amendment to line 28. The amendment raised that number by 4 to a new total of 17. This is a very insignificant number of utilities (17 of 307) and there will be a very minor decrease in workload if this section is passed.

Impacts of Section 1,2,4,5,6 of SSSB22

The following is an evaluation of the probable impacts of ^{or not including} ~~adopting~~ ^{is} the policy ~~consideration~~ contained in the above referenced sections of SSSB22. The ~~focus of the~~ Commission's ^{are} comments ~~is~~ directed at its own regulatory responsibilities and ~~are not intended to~~ ^{do not} reflect a comprehensive consideration of all issues.

If Passed:

Wholesale power sales transactions between regulated utilities and the APA are exempt from Commission oversight. The public interest responsibility for evaluating these transactions would reside solely with the APA and the various review mechanisms used to evaluate specific project proposals. Regardless of its other merits/demerits, this approach would lack the broader overview of power supply decisions which could be provided by the Commission.

Also, this Bill does not purport to alter the Commission's authority to judge the prudence of a utility's purchased power costs at the time of a specific rate case, under AS 42.05.511(a).¹ However, even if the Commission continues to have the authority to make case-specific adjustments, ratepayers and utility owners of cooperative and municipal utilities are one and the same, making any after-the-fact disallowance of APA-related costs for these entities relatively meaningless.

[✓] The Commission believes that this issue needs further consideration and clarification to determine whether the Commission can, in fact, disallow APA contract costs in rates after the contracts are in place, or whether all APA-related costs must be included in rates without any Commission review or adjustment.

COMMISSION ACTION			
Referred to	Off or NO	Initials	Date
Weatherly	NY	[Signature]	4/2/87
Glimes	OK	[Signature]	4/2/87
Kinnel	OK	[Signature]	4-2-87
Agel	OK	[Signature]	4-2-87
[Signature]	[Signature]	[Signature]	4-2-87

The proposed jurisdictional changes would effectively remove from Commission review a substantial percentage of a utility's costs which, as stated above, might be directly passed through to the ratepayers by operation of law. For retail utilities under the four-dam pool arrangement, for example, there are instances of APA-supplied power ^{costs which} ~~accounting~~ for as much as 50 percent or more of ^{a utility's} rates for service. Even under first-out and conservative projections for Bradley Lake-supplied power, the range of impact, assuming sign-up of the full complement of railbelt utilities, appears to be between 8 percent and 20 percent of a utility's rates.

To the extent that the ~~purpose~~ of this bill is to eliminate all Commission oversight for contractual transactions involving an APA project, that objective may not be achieved. Under the federal Public Utilities Regulatory Policies Act (PURPA), a utility is required to purchase power from a "Qualifying Facility" (QF). By Congressional delegation, the Commission is responsible for enforcing that obligation. Because of this, even if the authority over APA-utility contracts is removed by legislative action in Alaska, the Commission may still be required to act under federal law to prohibit purchases by regulated utilities where such purchases would threaten to subvert the intent of the federal statutes. QF's could also seek a remedy in the federal courts or before the Federal Energy Regulatory Commission to ensure that their rights are protected. Thus, the jurisdictional limits ^{or} ~~established~~ ^{established} for the Commission by ~~this bill~~ do not guarantee that there will be no impediments to APA contracting or financing...

If Not Passed:

The Commission would have to approve all future wholesale power contracts between regulated utilities and the APA.

The contract review process would entail a public notice period of thirty days, preliminary Staff investigation of the contract and Commission action based on any public comment and

the initial staff analysis. The Commission may approve, reject or suspend the contract, stating its findings and conclusions for taking action. Assuming the request for approval contains sufficient information, the Commission could take action within 45 days of the date of filing. In the event a party objects to Commission approval of the contract, procedures to effect an adjudicatory proceeding would ensue.

ELECTRIC AND TELEPHONE UTILITIES IMPACTED BY SB 22

I. 250 OF FEWER SUBSCRIBERS

Name of Electric Utility	Number of Users
Andreanof Electric Corporation	37
Aniak Light & Power Company, Inc.	170
Arctic Utilities, Inc.	25
Bettles Light & Power, Inc.	50
Egegik Light and Power Homer Lee Leonard d/b/a	65
I-N-N Electric Cooperative, Inc.	226
Levelock Electric Cooperative, Inc.	57
Manley Utility Company, Inc.	70
McGrath Light & Power Company ¹	220
Northway Power & Light, Inc.	91
Pelican Utility Company ²	76
Tanana Power Company, Inc.	178
Teller Power Company ¹	73

Name of Telephone Utility	Number of Main Access Lines
Whittier Telephone Company	178

II. 251 TO 750 SUBSCRIBERS

Name of Electric Utility	Number of Users
Gwitchyaa Zhaa Utility Company	296
Haines Light & Power Company, Inc.	740
Yakutat Power, Inc.	298

Name of Telephone Utility	Number of Main Access Lines
Bristol Bay Telephone Cooperative, Inc.	730
Bush-Tall, Incorporated	347
Yukon Telephone Company	333

Information derived from the Alaska Public Utilities Commission's 1985 Annual Report.

¹ Based on 1984 information

² Based on 1983 information

Sent to Betty Bean
2/13/87

To: Becky Bear
Information Officer
Dept. of Commerce

Date: February 10, 1987

From: T.S. Moninski II
Executive Director
Alaska Public Utilities
Commission

Subject: Position Statement SB22

The Commission opposes SB22. From a public policy perspective, the Commission believes its current statute AS 42.05.711(f) is superior to the proposed legislation because it enables consumers of small electric and telephone utilities to decide whether or not the benefits of regulation; i.e., public protection, outweigh the costs of regulation by providing for a deregulation election to be held.¹

In addition, the proposed legislation appears to have the effect of deregulating Alaska Electric Generation and Transmission Cooperative, a generation electric utility which has two customers but provides wholesale power to potentially all the ratepayers of the railbelt utilities. It is also not clear what effect this legislation would have on Alascom, which may directly provide service to less than 250 subscribers but through the local exchange telephone utilities provides long distance service throughout Alaska.

In its fiscal note, the APUC stated that this proposal, if adopted, would affect only 13 of 307 certificated utilities. Given the relatively small number of impacted utilities and the nearly 25% reduction in staff resources already absorbed by the Commission over the past three fiscal years, a further reduction in staffing would not be expected as a result of the changes proposed in this bill.

¹Note that this legislation does not address the impact on utilities which have previously held deregulation elections and their consumers have voted to maintain economic regulation of their utilities by this Commission; i.e., Tanana Power Company and Iliamna-Newhalen Electric Cooperative.

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STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
BUREAU, ALASKA 99811
907.465.3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. JUD. 5-2-87 8:30a.m.

HOUSE COMMITTEE REPORT

7)
date referred: 4/3/87

FURTHER REFERRALS:

Finance

DATE: 5-2-87

The Judiciary Committee has considered CSSB 33 (HESS)

An Act relating to violation of compulsory education laws."

RECOMMENDS:

- replace with HCS CSSB 33 (HESS) [the same title
- attached amendment(s) [a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

DOPTS: [_____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact [same as previous fiscal note published _____
- zero fiscal note [same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Walter Kuenber

Chad L. Taylor

SIGNING OTHER RECOMMENDATIONS:

[Signature]

Chairman's signature

Alaska State Legislature

Senator Paul A. Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-3791

State Senate

April 4, 1987

To: Representative John Sund, Chairman
House Judiciary Committee

From: Senator Paul Fischer *P.F.*

Subject: SB 33; VIOLATIONS OF TRUANCY LAWS

SB 33 would rewrite the provision of current law that releases liability for truancy at the end of the school year. Currently, enforcement of this law is usually delayed until then and the case is automatically dropped.

The purpose of our truancy law is to insure that children under the age of 16 are getting an education. This is not the case as the law is currently written.

Last session, a similar bill (SB 226) passed the Senate and almost made it through the House. The opinions and lessons of that bill's history are incorporated in SB 33.

The new language in the H.Hess Committee Substitute alters the parents responsibility to maintain versus [INSURE] that their children are going to school. The penalty has been reduced from a class B misdemeanor to a simple violation. Each five days constitutes a new and separate violation.

I would greatly appreciate the scheduling of this bill as soon as possible.

Alaska State Legislature

Senator Paul A. Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-3791

State Senate

March 16, 1987

To: Representative Niilo Koponen, Co-Chair
Representative Johnny Ellis, Co-Chair
House Health Education & Social Services Committee

From: Senator Paul Fischer *P.F.*

Subject: SB 33; VIOLATIONS OF TRUANCY LAWS

SB 33 would rewrite the provision of current law that releases liability for truancy at the end of the school year. Currently, enforcement of this law is usually delayed until then and the case is automatically dropped.

The purpose of our truancy law is to insure that children under the age of 16 are getting an education. This is not the case as the law is currently written.

Last session, a similar bill (SB 226) passed the Senate and almost made it through the House. The opinions and lessons of that bill's history are incorporated in SB 33.

Your favorable consideration is appreciated.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: Senate Bill No. 33
Publish Date: _____

Revision Date: _____
Title: "An act relating to the violation
of compulsory education laws"
Sponsor: Senator Paul Fischer
Requestor: Senator Paul Fischer

Agency Affected: Department of Corrections
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Susie Riley, Budget Analyst
Division: Administrative Services
Approved by Commissioner: William W. Ladwig
Agency: Department of Corrections

Phone: 465-3376
Date: 01/26/87
Date: 01/26/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

148 North Binkley Street

• Soldotna, AK 99669

• Phone 907/262-5846

December 4, 1986

cc: Paul Fischer

Senator Paul Fischer
P.O. Box 784
Soldotna, Alaska 99669

INDIVIDUAL LETTERS WERE SENT TO
ALL MEMBERS OF THE STATE SENATE.

RE: AS 14.30.020-030

Dear Senator Fischer:

Kenai Peninsula Borough Schools maintain a firm, fair and compassionate disciplinary system for dealing with the problems students and their parents bring to us. It enjoys the support of parent advisory groups and local police departments. It works because we keep the student's behavior the focus of attention and recognize that students often learn more from their mistakes than anything else.

One problem with a few students each year is based not in student behavior but with their parents. Chronic truancy has increased in the past several years and we developed procedures to advise both student and parent about the student's regular attendance in school. We just can't teach them much when students are not in school.

Each year a few students and their parents do not respond to admonishments to come to school on a regular basis. In that event, I send a series of written announcements and, if there is no improvement, ask the school board for permission to refer the parent to the district attorney's office. Under procedures worked out with that office, every effort is made to inform the parents of their legal responsibility for the student without going to court.

Our difficulty is with the wording of the AC 14.30.020 which includes the following statement.

"In any event, at the expiration of the school year, the person shall be released and discharged from all penalties provided by this section."

This statement forces us to bring truancy cases to the district attorney prior to December 15 each year or forget about them. Attorney's can (and have) delayed these cases beyond "the expiration of the school year", rendering them moot. The District Attorney's Office is unwilling to waste their time on cases they have no chance of winning. And the school district is forced to begin again next school year as if the truancy had never occurred.

CORRESPONDENCE

Our recommendation is to delete the sentence above from the current statute. No other change is necessary and the revised statute would permit schools to deal with truancy without clogging up the court system. This recommendation was presented in the last legislative session and almost made it into law. I request your support when it comes before you in committee or on the floor this year.

Please contact me if you have any questions.

Cordially,

Dr. Dennis Daggett
Associate Superintendent
Instructional Services

cc: Executive Secretary, Alaska ASA

encl

DD/set

STATE OF ALASKA

DEPARTMENT OF LAW

CRIMINAL DIVISION/THIRD JUDICIAL DISTRICT
OFFICE OF THE DISTRICT ATTORNEY

BILL SHEFFIELD, GOVERNOR

REPLY TO:

- 1031 WEST 4th AVENUE, SUITE 520
ANCHORAGE, ALASKA 99501
PHONE: (907) 277-8622
- P.O. BOX 3070
DILLINGHAM, ALASKA 99576
PHONE: (907) 842-2482
- 145 MAIN STREET LOOP, ROOM 201
KENAI, ALASKA 99611
PHONE: (907) 283-3131
- 326 CENTER AVE, SUITE 205
KODIAK, ALASKA 99615
PHONE: (907) 486-5744
- 809 S. CHUGACH ST.
PALMER, ALASKA 99645
PHONE: (907) 745-5027
- P.O. BOX 671
VALDEZ, ALASKA 99686
PHONE: (907) 835-2462

February 8, 1985

Dr. Dennis Daggett
Associate Superintendent
Instructional Services
Box 1200
Soldotna, Alaska 99669

Re: Tony Hansen
Johnny Colwell



Dear Dr. Daggett,

On May 24, 1984, we received your letter regarding the above students and a complaint alleging failure to educate a child was filed June 26, 1984. Because of difficulty in serving a summons, Mrs. Hanson was not arraigned until November 28, 1984. Her trial was set for February 11, 1985.

The public defender has indicated they would seek to have the case dismissed because of the wording of the statute which seems to relieve the parent of responsibility at the end of each school year. I have dismissed the case because I do not believe we could convince the court of any other interpretation of that statute.

Hopefully, we can begin these cases earlier in the school year so that we could get to trial (or whatever disposition is appropriate) before the statute creates a problem. Perhaps the statute should be changed.

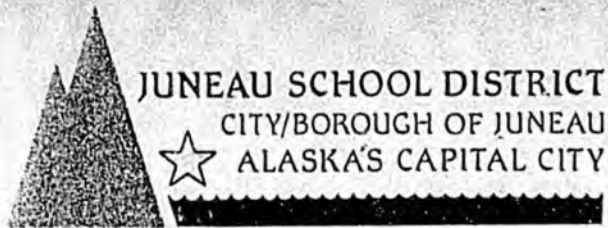
If you have any questions, please call.

Very truly yours,

A handwritten signature in cursive script that reads "Shannon D. Turner".

Shannon D. Turner
Assistant District Attorney

SDT:11



10014 Crazy Horse Dr., Juneau, AK 99301 • (907) 586-2303

January 19, 1987

Representative Bill Hudson
P.O. Box V
State Capitol
Juneau, Alaska 99811

Dear Representative Hudson:

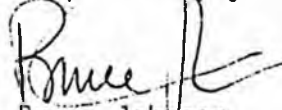
Thank you for the opportunity to comment on proposed SB33, relating to the Violation of Compulsory Education Laws.

The deletion of the language in AS 14.30.020 as follows: [In any event, at the expiration of the school year, the person shall be released and discharged from all penalties provided by this section] is appropriate in my opinion. The City and Borough of Juneau School District has found that most student attendance related difficulties do not come about suddenly, but rather develop from a general habit of not attending school on a regular basis beginning during the elementary school years. School attendance habits do not start or end with the school year calendar. Therefore, as Superintendent of the Juneau Schools, I would support the revision.

The issue of whether a high school or middle school student should be "charged" related to non-attendance rather than just charging the parents has also been discussed by our Board of Education. On many occasions, parents have informed the school that they no longer effectively control their child and to fine or imprison the parent will in no way improve school attendance of their youngster. Your thoughts on this issue would be welcomed.

Best wishes for a productive 15th Legislative Session.

Respectfully yours,


Bruce Johnson
Superintendent

cc: Board of Education
Senator Duncan
Representative Ulmer

BJ/sj

SB

51

Senator Johne Binkley

Alaska State Senate

P.O. Box V • Juneau, Alaska 99811 • (907) 465-4985



Finance Committee
Co-Chairman

MEMORANDUM

March 16, 1988

TO: Representative John Sund, Chairman
House Judiciary Committee

FROM: Senator Johne Binkley

RE: Senate Bill 51 - "An Act relating to alcohol."

Bootlegging in communities where there is a restriction on alcohol is a serious crime. Communities that have adopted a local option law recognize how serious alcohol problems are and how devastating these problems are to their community. Community police and public safety officers work very hard and at great expense to apprehend and convict bootleggers. Under current law, most offenders are charged with a Class A Misdemeanor. The District Attorney in Bethel estimates that two dozen misdemeanor cases are referred to his department each year and two or three felony cases. This bill would raise the penalty for bootlegging in a local option area to a Class C Felony.

Current Law

Under current law the person would be charged with the misdemeanor offense unless the following circumstances were present:

- *the person had been previously convicted of bootlegging
- *the sale was made to a minor
- *the quantity of the sale was of a specified amount
 - 12 liters or more of distilled spirits
(a little more than 17 quarts)
 - 24 liters or more of wine
(about 6½ gallons)
 - 45 liters or more of malt beverages
(approximately six cases)

If any of the above circumstances have occurred the person is charged with the felony offense.

|

Penalties

A Class A Misdemeanor carries a maximum jail term of one year and a fine of up to \$1,000. Typical sentences in the Bethel courts are 30-90 days with a fine double the value of the alcohol involved.

A Class C Felony carries a maximum jail term of five years and a fine of up to \$5,000 (for the first conviction). A second "Class C Felony" charge also carries a two year presumptive term.

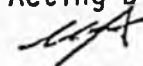
Communities in my district feel strongly that the stiffer penalty will be a greater deterrent to the bootlegger. Under present law when the bootlegger is caught and charged with the Class A Misdemeanor, he is educated in how the legal system works; he learns to improve his system, and how not to get caught. Bootlegging in a local option community is a serious crime. By increasing the penalties to the more serious Class C Felony charge we will send a clear message to those who would break the law that lawbreaking will not be tolerated.

BILL NO: SB 51

DATE: 1/26/87

TITLE: "An Act relating to alcohol."

CONTACT: Maj. Walter J. Gilmour
Acting Director

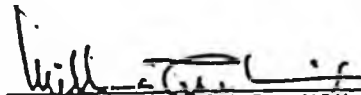


POSITION PAPER /
DEPARTMENT OF
PUBLIC SAFETY

The Division of Alaska State Troopers supports passage of this legislation.

This legislation changes the current statute to reflect a concern over continuing violations over local option laws by making violators subject to a class C felony, regardless of previous convictions or age of the perpetrator.

Although no additional enforcement effort is anticipated as a result of the passage of this legislation, it will provide a stronger disincentive to violate the local option elections.



WILLIAM R. NIX
Acting Commissioner



Bethel Police Department

P. O. BOX 388 : BETHEL, ALASKA 99559

April 1, 1987

Senator John Binkley
P.O. Box V
Juneau, Alaska 99811

REF: Senate Bill 51

Dear Senator Binkley:

Sale of Liquor Without a License, commonly called "bootlegging", is a very serious problem for the Yukon-Kuskokwim region. Bootlegging certainly plays a major role in criminal activity and life-threatening situations in this area.

In 1985, Bethel police officers responded to approximately 11,000 calls for assistance. These calls ranged from curfew violations to homicides. I can safely say that approximately 95% of the crime-related calls and investigations were alcohol-related. Approximately 1,100 people were incarcerated at the state jail in Bethel for "protective custody" during this same period, simply for being incapacitated by alcohol in a public place.

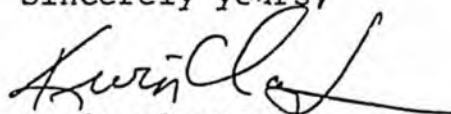
The question is always asked, "where does all the alcohol come from-Bethel's supposed to be a dry town"? Well, the answer to that question is simple, the majority of alcohol involved in criminal activity as well as care for protective custodies is bootleg liquor. Unfortunately, the penalty for selling liquor without a license is certainly no deterrent. The money made (and to be made) bootlegging far outweighs the cost to the bootlegger of a misdemeanor conviction. In studying the sentencing for bootleggers, one learns quickly that a misdemeanor is more of an inconvenience than punishment. Bootlegging is a "business" for many people in this small town, and a lucrative one, at that. The misdemeanor penalty for bootlegging makes it extremely frustrating for the police officers who are required to spend many man-hours and considerable funds developing and producing strong, prosecutable S.O.L.W.O.L. cases, and for the District Attorney who must also spend considerable time and money taking the case to court, the end result usually being a minor fine and a possible day or two in jail, or in some cases, an "SIS" (Suspended Imposition of Sentence). An SIS means that the second time around, when the conviction should result in a felony, the defendant is again only facing a misdemeanor because the first offense has been forgiven.

PAGE 2

I feel that a misdemeanor conviction for a first time bootlegger is not at all a sufficient deterrent. I strongly support Senate Bill 51, and Senator Binkley's efforts to help reduce this criminal activity.

If there are any further questions, please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Kevin Clayton".

Kevin Clayton
Chief of Police

John

2-29-88

Dear Sir,

wed appreciate your support of the felony bootleg bill. Our local bootlegger says he will cease business if the bill passes. Since we've been unable to interest troopers in our situation, this just might be the break our town needs.

thank you.

Gaule Young

Paul Young

port alexander 49836

How ABOUT
THIS CLASSIE !!
Dick E



FAIRBANKS

Daily News - Miner

Your Locally Owned Independent Daily Newspaper



VOL. LXXXV, No. 14

FAIRBANKS, ALASKA, TUESDAY, APRIL 7, 1987

35¢ Per Copy

21 Pages

Native elders 'declare war' on alcohol and drug use

By KATHI BERRY
Staff Writer

The elders of the Athabascan Nation have "declared war" on all those who are associated with alcohol and drug abuse, according to a resolution passed after the Tanana Chiefs Conference last week.

"The use of alcohol and drugs offers nothing to our Native villages but broken spirits, broken families, pain, grief, suffering and death," the resolution says.

The two-page document was passed unanimously by the delegates representing 43 villages on the TCC board, according to Will Mayo, TCC program director.

A similar resolution to ban alcohol and drugs from the villages was passed by board members of Doyon, Ltd., but taken back later for reconsideration.

"Philosophically, we are in agreement with the resolution, but at least one board member wants to make some changes," said Morris Thompson, president. "We can only speculate that he wants to make the wording stronger in some areas."

The resolution adopted by TCC

was drawn up by Denakkanaage, an advocacy group for Native elders. In the document, the elders ask village councils and village courts within TCC to "strongly consider the use of traditional Native justice mechanisms and banish bootleggers and drug pushers from the villages."

Banishment of bootleggers is the next step after villages adopt the state's local option law to make alcohol consumption illegal, Mayo said.

"As it is, the state law lacks teeth," he said. "People are beginning to despair that they will never be able to do anything through the state law. At times, it seems non-enforceable."

Villagers have to stage a "sting" operation before they can get enough proof to get a bootlegger arrested, Mayo said.

"Then, very often, the bootlegger gets a light penalty in court and comes right back to the village again," he said. "It's not a very strong deterrent to him or others who who want to set up illegal sales."

Villages would all have different



WILL MAYO
"Law lacks teeth"

ways of enforcing traditional banishment, Mayo said.

"This could work if everyone in the village got behind it and decided to oust the guy," he said. "Bootleggers are not people who fly around with a plane load of booze. These are people who live in the community. They are everyone's cousin."

Through the resolution, the elders also ask that a comprehensive (See ALCOHOL, Back Page)

ALCOHOL

(Continued from page 1)

sive alcohol and drug prevention program be set up in each village and that each school incorporate a comprehensive drug prevention course in their curriculum.

They further resolved that no alcohol will be served at any TCC function "as an example to our children and to each other," and that any TCC employee with a drug or alcohol problem will be given the option to receive treatment or be immediately terminated from employment.

Some of the impetus for the resolution came from the movie, "The Honor of All," shown during the convention. The movie tells the story of one couple who worked against threats, hatred and violence to turn a Canadian village with a near 100 percent alcoholism rate into a town that is now 95 percent sober.

"The movie helped, but to attribute the resolution to it is an oversimplification," Mayo said. "Native elders have been fighting this all along. They are sick of seeing their grandchildren die and the neglect, domestic violence and the sorrow that alcoholism brings."

3

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. JUD. 3-16-88 1:30 p.m.

Original sponsor: Binkley

1 IN THE SENATE BY THE JUDICIARY COMMITTEE
 2 HOUSE CS FOR CS FOR SENATE BILL NO. 51 (Judiciary)
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA
 4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act increasing the penalty for certain unlicensed
 7 manufacture, sale, possession, or barter of alcoholic
 8 beverages."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 04.16.200(a) is amended to read:

11 (a) Except as provided under (b) of this section, a [A] person
 12 who violates AS 04.11.010 is, upon conviction, guilty of a class A
 13 misdemeanor.

14 * Sec. 2. AS 04.16.200(b) is repealed and reenacted to read:

15 (b) A person who violates AS 04.11.010 in an area where the
 16 results of a local option election have, under AS 04.11.490 - 04.11.-
 17 500, prohibited the board from issuing, renewing, or transferring one
 18 or more types of licenses or permits under this title in the area is,
 19 upon conviction, guilty of a class C felony.

5-0155X
Ford
3/15/88

Original sponsor: Binkley

1 IN THE SENATE BY THE JUDICIARY COMMITTEE
 2 HOUSE CS FOR CS FOR SENATE BILL NO. 51 (Judiciary)
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA
 4 FIFTEENTH LEGISLATURE - SECOND SESSION
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 17 500, prohibited the board from issuing, renewing, or transferring one
 18 or more types of licenses or permits under this title in the area is,
 19 upon conviction, guilty of a class C felony.
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LASKA STATE LEGISLATURE

1987 Legislature 1st Session

STATE BILL NO. 51 (Pub)
INKLEY

Act relating to alcohol.
classifying the penalty
certain alcoholic
manufacture, sale, possession,
transportation of a
vehicle

Introduced in the Senate 1/19, 1987

HISTORY IN THE SENATE

19 87		Read first time and referred to Committee on																				
1	19	STATE AFFAIRS, NESS, JUDICIARY AND FINANCE																				
2 26		Reported back with recommendation that <i>do pass</i>																				
3	14	<i>NESS: do pass to Judiciary</i>																				
4	8	<i>Judi: do pass to Finance</i>																				
4	10	<i>FIN: do pass to Rules</i>																				
19 87		<i>Rules: Calendar 4/1/87</i>																				
2 3		Read second time and																				
2 3		<i>CS. Rules adopted and advanced</i>																				
2 3		Read third time and																				
2 3		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas - 19</td> <td>Yeas</td> </tr> <tr> <td>Nays -</td> <td>Nays</td> </tr> <tr> <td>Absent -</td> <td>Absent</td> </tr> <tr> <td>Excused 1</td> <td>Excused</td> </tr> </table> <p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas - 19	Yeas	Nays -	Nays	Absent -	Absent	Excused 1	Excused	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Absent -	Absent																					
Excused 1	Excused																					
PASS	Effective Date																					
Yeas	Yeas																					
Nays	Nays																					
Absent	Absent																					
Excused	Excused																					
2 3		Reported correctly engrossed																				
2 3		Signed by President																				
2 3		Sent to House																				

Manon Smith

HISTORY IN THE HOUSE

19 88		Read first time and referred to Committee on																				
Feb 5		<i>Wage, Judiciary</i>																				
		<i>James</i> Reported back with recommendation that																				
		Read second time and																				
		Read third time and																				
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> <p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Absent	Absent																					
Excused	Excused																					
		Reported correctly engrossed																				
		Signed by Speaker																				
		Returned to Senate																				

HISTORY IN THE SENATE

19		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Gov
		Filed with Lt. Governor
		Charter No.

FISCAL NOTE

REQUEST:

Revision Date: January 22, 1988.
Title: "An Act increasing the penalty...
unlicensed...alcoholic beverages."
Sponsor: Sen. Binkley
Requestor: Senate Rules

Agency Affected: Department of Law
BRU: Prosecution
Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please see attached analysis.

Prepared by: Richard I. Pegues, Director
Division: Administrative Services
Approved by Commissioner: Richard I. Pegues / FOR / Grace Berg Schable, Atty. Gen.
Agency: Department of Law

Phone: 465-3672
Date: January 22, 1988
Date: January 22, 1988

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS for §B51 (Rules)
PUBLISH DATE: 1/25/88

FISCAL NOTE

REQUEST:

Revision Date: 1/25/88 Agency Affected: ABC Board
Title: Increasing the penalty for certain BRU: _____
unlic.'d manuf., sale, possession... alcoholic bev.
Sponsor: Sen. Binkley Components: operating
Requestor: Senate Rules

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Royce Weller *RW* Phone: 465-2300
Division: Commissioner's Office Date: 1/25/88
Approved by Commissioner: Hugh Malone *HLM* Date: 1/25/88
Agency: Revenue

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

FISCAL NOTE

REQUEST

Revision Date: _____ Agency Affected: Public Safety
 Title: "An Act increasing the penalty for certain unlicensed manufacture..." BRU: Alaska State Troopers
 Sponsor: Senator Binkley Components: Detachments & CIB
 Requestor: Senate Rules Narcotics

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

JAM
1/25/88 Prepared by: Francis C. Allan Phone: 269-5691
 Division: Alaska State Troopers Date: _____

Approved by Commissioner: *Arthur Engstrom* Date: 1-25-88
 Agency: Public Safety

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act increasing the penalty for
unlicensed manufacture, sale, possession or
barter of alcoholic beverages
 Sponsor: Sen. Binkley
 Requestor: Sen. Binkley
 Agency Affected: Department of Correction
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Susan E. Knighton, Director Phone: 465-3376
 Division: Administrative Services Date: 2-2-88
 Approved by Commissioner: Susan Humphrey-Barnett Date: 2-2-88
 Agency: Department of Corrections

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____

Bill Version: SB 51

Publish Date: _____

Revision Date: _____

Agency Affected: ABC Board

Title: An Act relating to Alcohol

BRU: ABC

Sponsor: Senator Binkley

Components: Operating

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

Prepared By: Patrick L. Sharrock *Patrick L. Sharrock*

Division: ABC Board

Phone: 277-8638

Date: 2/13/87

Approved by Commissioner: Hugh Malone *Hugh Malone*

Agency: Department of Revenue

Date: 2/13/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

FEB 16 1987

REQUEST: _____

Bill Version: SB 51
Publish Date: _____

Revision Date: _____
Title: "An Act relating to alcohol."

Agency Affected: Department of Law
BRU: Prosecution

Sponsor: Sen. Binkley
Requestor: Sen. Binkley

Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please see attached analysis.

Prepared by: Richard I. Pegues, Director
Division: Administrative Services

Phone: 465-3672
Date: Feb. 12, 1987

Approved by Commissioner: Richard I. Pegues / For / Grace Berg Schauble
Agency: Department of Law

Date: Feb. 12, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 51

This bill amends AS 04.16.200(b) by reclassifying the illegal sale of alcoholic beverages from a class A misdemeanor to a class C felony.

A total of 45 such violations were referred to the department last year for prosecution. About one-half of those reported violations occurred in the Bethel service area.

Although this change will require some additional work on our part, preparing these cases for grand jury, this addition does not warrant fiscal note costs because of the small number of cases involved. Our estimate assumes that the same enforcement pattern will continue. However, if police agencies substantially increase their enforcement activities, because of the increased penalties available for felons, it may be necessary to request increased appropriation at a later time. In any event, the department will not be able to respond to a marked increase in this area at this time due to the serious budget shortfalls it now faces.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 51
Publish Date: _____

REQUEST
Revision Date: _____
Title: "An Act relating to alcohol."
Sponsor: Sen. Binkley
Requestor: Senate State Affairs

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments and C.I.B.
Narcotics

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

Prepared by: Francis C. Allan *FCU*
Division: Alaska State Troopers

Phone: 269-5691
Date: 1/26/87

Approved by Commissioner: William R. Nix *W.R. Nix*
Agency: Public Safety

Date: 1-26-87 *1/30/87*

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: Senate Bill No. 51

Publish Date: _____

Revision Date: _____

Title: "An act relating to alcohol"

Agency Affected: Department of Corrections

BRU: _____

Sponsor: Senator John Binkley

Requestor: Senator John Binkley

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill is expected to have only minor impact on inmate populations.

Prepared by: Susie Riley, Budget Analyst

Phone: 465-3376

Division: Administrative Services

Date: 01/26/87

Approved by Commissioner: William W. Ladwig

Date: 01/26/87

Agency: Department of Corrections

Distribution (by preparer):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Senate Secretary

S B

6 7



Alaska State Legislature

SENATE

Office of the President

P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3755

April 13, 1987

MEMORANDUM

TO: Representative John Sund, Chairman
House Judiciary Committee

FROM: Senator Jan Faiks
President of the Senate

SUBJECT: Background on Senate Bill 67
"An Act relating to insurance coverage for the
treatment of a mental or nervous condition."

The House HESS Committee Substitute for Senate Bill 67 has been referred to your committee for consideration. This bill will require insurers to include minimum mental health coverage in all group health insurance policies sold in Alaska, and will eliminate the discrimination which currently exists between mental health and other medical insurance benefits.

Currently, twelve states have passed laws which require that policy holders be given the opportunity to purchase mental health insurance. Fourteen other states take a stronger position; they do not give the policy holders an option, but rather require that minimum mental health coverage be included in every health insurance policy.

Most states that require mental health coverage also define the minimum coverage that must be offered. Senate Bill 67 requires a minimum of 45 days of inpatient treatment and 50 equivalent hours of outpatient treatment per year.

These requirements are consistent with the requirements of other states. For inpatient services, four states require a minimum of 30 days, while two other states require 45 days.

For outpatient services, minimum requirements are expressed in either visits (one other state calls for thirty per year) or dollar limits (six states have minimums ranging from \$500 to \$1000 per year). The remaining states require only that mental health benefits be on par with those offered for other illnesses.

When mental health coverage is offered, usually the benefits are much less than those available for other treatment. Insurers will often require that their customers pay a higher deductible or a greater portion of the cost of mental health services.

In order that mental health coverage be given parity with other coverages, then, this bill requires that the former be offered under the same terms as the latter.

There are several myths that have impeded the requiring of mental health coverage in health insurance policies. According to one belief, the costs of psychiatric treatment are unpredictable and uncontrollable.

This belief stems in part from the common perception of mental illness in terms of only its more serious forms, like schizophrenia. However, only 15% of persons who are treated in private mental hospitals suffer from this acute disease. For most forms of mental illness, only one hospital stay with several follow-up visits are all that is needed for successful treatment.

About one-fifth of our population suffers some degree of mental impairment, ranging from mild anxiety to chronic schizophrenia. For our young people, aged thirteen to twenty four, the leading cause of death is not injury, disease, or accident, but is suicide.

In 1984, mental illness was estimated to have cost our nation 67.6 billion dollars. This figure includes not only the direct cost of treating mental illness (\$12 billion), but also the greater cost of lost productivity and employment (\$44.6 billion) and of mental health related crimes, vehicle accidents, and other social burdens (\$11 billion).

Studies show that treatment is effective for 80% of all patients who have mental disorders.

From seven to ten percent of subscribers use mental health benefits when these are available in their policies. This is approximately the same rate that subscribers use extra care from other medical specialists.

There is no evidence that mental health benefits are abused at a rate that differs from other health benefits. If insurers are concerned about accountability, they can subscribe to peer review services that will review the validity of individual claims. These services have shown a costs-to-savings ratio of 1:100.

It is true that mental health coverage will mean higher premium cost to subscribers. However, this cost is not substantial. A national survey of 79 major corporate plans revealed that the average annual premium increase for each subscriber was \$29.47.

On the other hand, psychotherapy produces savings in the form of increased employee productivity and reduced absenteeism. As mental health treatment becomes more affordable and available to employees, employers report a significant increase in job attendance and productivity and a significant reduction in on-the-job accidents. The Equitable Life Assurance Society has verified that every dollar invested in mental health treatment results in a three dollar increase in productivity. Mental health treatment also reduces drug and alcohol-related crime.

Medical science has long recognized the correlation between physical disease and mental health. Physicians have estimated that up to one-half of all ailments which they treat have symptoms of mental or emotional disorder. Many dollars that are now paid for other medical services are actually paid for the indirect treatment of mental impairments. In addition, studies have proven that direct treatment of mental problems results in lower costs for other medical care.

In a 1983 study, a moderate amount of psychotherapy was shown to significantly reduce hospital costs for persons suffering from four different types of chronic disease. Another study that same year showed that patients who received outpatient psychotherapy treatment used 56% fewer medical services than those who had not been treated.

Finally, there is a cost savings that will be enjoyed by the State of Alaska. Nationwide, the state governments pay about 50% of the total cost of our mental health bill. When subscribers are given access to mental health coverage on the same basis as other medical benefits, more of this burden will be shifted from the State to the private sector.

Senate Bill 67 may indirectly reduce the dependency of the community mental health centers in Alaska on State funds. These facilities currently receive matching grants from the State and charge their patients a sliding fee base upon their

ability to pay. After the grant is matched, all additional fees are devoted to enhance the programs and expand their facilities. Division of Mental Health personnel report that because of a lack of funds, these centers can only provide 25-30% of the communities' mental health needs. They predict that the passage of a mental health insurance bill will allow them to serve up to one-half of this need.

Specifically, this bill proposes the following:

Section 1. COVERAGE FOR TREATMENT OF A MENTAL OR NERVOUS CONDITION. AS 21.42 is amended to add a new section (21.42.365) which will require coverage for treatment of a mental or nervous condition.

(a) All insurers who are authorized under AS 21.09 to provide major medical coverage in Alaska must include minimum benefits of 45 days a year of inpatient treatment for each covered individual, and a total of 50 hours a year of outpatient treatment or patient visits of mental or nervous conditions.

(b) The insurer or service corporation cannot charge a higher deductible for this coverage than for the treatment of any other condition or illness. Contract limitations must be reasonable.

(c) This subsection contains a definition of terms used in section 1.

Section 2. AS 21.36.090(d) is amended to prohibit unfair discrimination against a person who provides a state-licensed medical service covered under a group disability policy that extends coverage on an expense incurred basis, or under a group service or indemnity type contract issued by a nonprofit corporation, if that service is within the scope of the provider's occupational license.

Section 3. AS 21.87.340 is amended to add additional chapters and provisions which apply to service corporations.

Section 4. Provides an effective date for this act for policies entered into on or after January 1, 1989.

A similar bill was introduced in the 14th Legislature. It passed the Senate, and made it through the House, but died in the Rules Committee during the final hours of the 1986 session.

Passage of this legislation is vital to provide Alaskans access to mental health coverage on the same basis as other

medical benefits, which, in turn, will shift more of this burden from the State to the private sector.

Thank you.

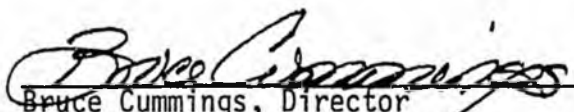
POSITION PAPER
HCS CSSB 67 (HESS)

If enacted, this bill would require a minimum mandatory insurance coverage for treatment of mental and nervous conditions in all group major medical policies entered into or renewed after January 1, 1989.

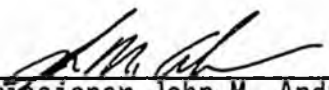
The coverage mandated by this bill exceeds coverage currently provided by the State policies for retirees. Enactment of this version will increase the State's contributions to Public Employees' Retirement System and Teachers' Retirement System. The coverage mandated by this bill is different than the coverage provided to employees. However, the differences would not require added costs.

Additionally, the effect of this bill is directly contrary to the State's efforts to reduce employer-paid premium costs for State employees via collective bargaining. This statutorily mandated benefit level would reduce the flexibility of the parties in negotiations to alter coverage/benefit levels in order to contain costs. Since the legislation would take effect for the next contract year, the agreements reached in health insurance negotiations would have to be rapidly revised to the new required coverage is provided.

The Department of Administration opposes this bill.


Bruce Cummings, Director
Division of Labor Relations

Date 3/11/88


Commissioner John M. Andrews
Department of Administration

Date 3/11/88

POSITION PAPER

Committee Substitute
for
Senate Bill 67 (HESS)

"An Act relating to insurance coverage for the treatment of a mental or nervous condition."

This bill expands group health insurance coverage to include an option for 45 days per year of in-patient treatment and 50 hours total per year of out-patient treatment or office visits for each covered individual.

The department supports the progressive approach of this legislation. However, we suggest several amendments which we believe facilitate access to a cost-effective continuum of mental health services by rural and urban Alaskans. The amendments allow mental health services to be provided in the least restrictive environment and help to reduce the per client cost of care. This continuum includes: comprehensive diagnostic and evaluation services; professional services given in the office, home and extended home; case management; day treatment; various levels of residential care (group homes and other residential facilities); and general or psychiatric hospital services.

1) The definition of "inpatient treatment," Sec. 21.42.365(d)(4), should be expanded to include coverage for appropriate treatment received in residential child care facilities which are licensed by the Division of Family and Youth Services under AS 47.35.

Acute psychiatric care facilities are an essential part of a complete continuum of psychiatric services, however, many persons who suffer from a mental or nervous condition may receive appropriate inpatient treatment in the less restrictive and less costly environment of a licensed group home or residential care center. The only private acute psychiatric care hospital in Alaska listed an FY 1986 cost of \$551.00 per day. By comparison, per day costs for group homes range from \$89.25 to \$210.00.

2) The definition of "outpatient treatment," Section 21.42.365 (d)(8), should be expanded to include any mental health care provider who has a master's or doctoral degree in psychology, nursing, or social work and works in conjunction with one or more licensed mental health care providers.

As presently written CSSB 67 allows reimbursement for outpatient treatment only if the provider:

(1) has a master's or doctoral degree in psychology, nursing, or social work, and

(2) is employed by a community mental health care facility which provides the treatment, and

(3) works in conjunction with a licensed provider.

The department believes that expanding the scope of reimbursable providers would allow access to qualified providers by clients in areas without community mental health centers. Some rural areas do not have easy access to a mental health center, but have professional services available through licensed facilities or professionals working in conjunction with licensed professionals.

This may be accomplished by adding "or" to the end of subsection (B) and adding another subsection to read:

(C) a person who works in conjunction with one or more of the professionals identified in subsection (B)(i), (B)(ii), and (B)(iii) above, and has a master's or doctoral degree in psychology, nursing, or social work.

The legislature has already supported Medicaid reimbursement for inpatient psychiatric facility care, outpatient treatment in a psychiatrist's office, and the services of the various levels of professionals in state supported community mental health centers. (AS 47.07.030). CSSB 67 provides an opportunity for persons not eligible for the Medicaid program to gain similar insurance coverage.

The Department of Health and Social Services endorses the concept of insurance reimbursement for a full continuum of mental health services provided through licensed facilities or when provided by professionals working in conjunction with licensed professionals. The need for increased accessibility is highlighted in many recent reports (e.g. 1986 Resource Committee Report for S.B. 520, 1986 APT Children's Facility Study, and 1986 Banerjee Study on Child and Adolescent Grants and Contracts).

CSSB 67 is a significant step forward in the delivery of mental health services in Alaska and is supported by the department. The department supports this legislation and urges consideration of these amendments prior to passage.

RECOMMENDED BY:

Mel Henry *Mel Henry 2/4/88*
Dr. Mel Henry, Director
Division of Mental Health and
Developmental Disabilities

Kim Busch *Kim Busch 2-4-88*
Kim Busch, Director
Division of Medical Assistance

Yvonne Chase *Yvonne Chase 2/4/88*
Yvonne Chase, Director
Division of Family and Youth Services

Date: February 4, 1988

Approved by: Myra M. Munson
Myra M. Munson, Commissioner

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Health & Social Services
 Title: ...relating to insurance coverage for BRU: Community Mental Health Grants,
the treatment of a mental or nervous cond. Institutions and Administration
 Sponsor: _____ Components: Community Mental Health
 Requestor: _____ Grants, Alaska Psychiatric Institute

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	0	0	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

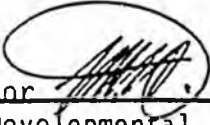
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

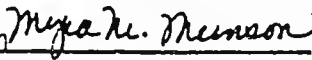
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

see attached sheet

Prepared by: Mel Henry, Director  Phone: 465-3370
 Division: Mental Health & Developmental Disabilities Date: _____

Approved by Commissioner: Myra M. Munson  Date: 2-4-88
 Agency: Health & Social Services

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

FISCAL NOTE

More Alaskans would be able to obtain needed mental health services as a result of passage of this bill. These services could be provided by the public or private sector. The Department of Health & Social Services is unable to estimate how much revenue would be generated by the public sector (Alaska Psychiatric Institute and grantee community mental health centers) because consumption patterns might shift if people could access the private sector.

IVAN H. FRASIER, M.A.

APR 8 1988

family counseling

P.O. Box 021850
Juneau, Alaska 99802

Phone: 586-6810

April 8, 1988

Representative Sund
Chairman, House Judiciary Committee
Alaska State Capitol
Juneau, Alaska

RE: House CS for CS for Senate Bill No. 67 (HESS)
(Insurance coverage for the treatment of a
mental or nervous condition.)

Hon. Chairman Sund,

This letter indicates support for the movement of the Bill toward passage and requests the addition of language to the Bill which recognizes the independent specialty of Marital and Family Therapy.

First, may I indicate my support for the passage of the Bill into law to provide insurance coverage for those seeking professional help for a mental or nervous condition. It has been well documented that services successfully addressing mental and emotional conditions most often lead to reduced need for more expensive medical treatment.

Secondly, may I suggest that there is valid reason to add the below suggested language to the Bill including Marital and Family Therapists as an independent specialty for treatment of mental or nervous conditions within the context of marital and family systems. Some of these reasons are as follows:

- 1) It appears clear that one of Alaska's highest priorities is professional, competent services to children and their families. (Reference the Governor's Interim Commission on Children and Youth Report.) Marital and Family Therapists meeting the standards suggested in the proposed additional language to the Bill are qualified to provide many of the needed services.
- 2) There is sufficient evidence that professional services that increase marital and family harmony and decrease family dysfunction decrease the use of more expensive medical services, usually paid for by insurance coverage.
- 3) The practice of Marital and Family Therapy is recognized nationally as a separately identifiable, credible profession. It is licensed or certified in seventeen states.
- 4) The additional of Marital and Family Therapists to the insurance bill provides an additional choice for the citizens of Alaska in selecting professional services.

May I request that the following language be added to the above referenced legislation:

add (9)(F) a marital and family therapist who is
(i) licensed or certified as a marital and family therapist by a state; or
(ii) is a Clinical Member of the American Association for Marriage and Family Therapy;

add (10)(A)(vi) a marital and family therapist who is licensed or certified by a state or is a Clinical Member of the American Association for Marriage and Family Therapy.

Delete or on page 5 line 1.

Replace the period with a semicolon after "workers" on page 5 line 5, and add or after the semicolon.

TO: Representative Sund
FROM: Ivan Frasier
RE: House CS for CS for Senate Bill No. 67 (HESS).

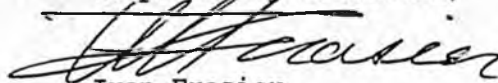
Page 2

The American Association for Marriage and Family Therapy (AAMFT) is the professional organization in the United States and Canada for Marital and Family Therapists, and its Commission on Accreditation has been designated by the U.S. Department of Education for setting standards for the education and training of marital and family therapists.

May I encourage you to consider that the addition of marital and family therapy to the insurance bill is in the public interest for Alaska's citizens, both from the view of increasing choices for professional services and from the view of cost effectiveness.

Thank you very much for your consideration of this request.

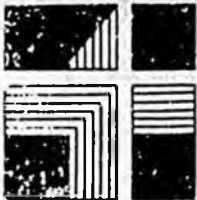
Respectfully Submitted,



Ivan Frasier

cc: Committee Members

Alaska Division of the American Association for
Marriage and Family Therapy.



Samaritan Counseling Center of Alaska

Expressing the love of God via counseling.

4502 Cassin Drive, Anchorage, Alaska 99507 • (907) 563-4325

Raymond Norman Fedje, Ph.D., D.D.
Executive Director

February 26, 1988

Ref.: L-K-1008

Senator Jan Faiks
P.O. Box V
Juneau, Alaska 99811

Reference: CS FOR SENATE BILL NO. 67 (HESS)

Dear Senator Faiks:

On behalf of our Board of Directors and staff (please see the attached lists), I am writing to you regarding Senate Bill No. 67 (HESS) asking for inclusion of Pastoral/Christian Counseling Centers, such as the Samaritan Counseling Center of Alaska.

We are suggesting as an amendment to Sec. 8.B.IV, line 14 through 18 or as an additional paragraph V, the following be added:

A PASTORAL COUNSELING CENTER WHERE STAFF PROVIDERS HAVE AN ACCREDITED DEGREE IN COUNSELING OR PSYCHOLOGY AND WORK UNDER THE DIRECT SUPERVISION OF A LICENSED PSYCHOLOGIST OR PSYCHIATRIST (M.D.).

This past year we served 652 clients for a total of 6,071 therapy hours. Our staff is supervised by W.A. Cassell, M.D., F.A.P.A., License No. AA1533, with Dr. O. Matsutani, consulting psychiatrist, and Dr. Nancy E. Sydnam, M.D., as our consulting medical officer. Being included in the bill would make it less of a burden for our client to rely on their insurance for sessions given within the context of Pastoral Psychotherapy especially during our economically difficult times.


We do not receive state, federal or local funds for these services, so this would be most helpful to the Center in meeting the needs of the community.

Should you have particular questions, I would be happy to appear before your committee or answer questions for you.

Your consideration and support for this inclusion would be appreciated.

Sincerely yours,

SAMARITAN COUNSELING CENTER OF ALASKA


Raymond Norman Fedje, Ph.D.
Executive Director

RNF:iw



15700 Dayton Avenue North/P.O. Box 327
Seattle, Washington 98111-0327
206/361-3000

BLUE CROSS OF WASHINGTON AND ALASKA
PROPOSED 2/16/88 AMENDMENT TO
1988 ALASKA HCS CSSB NO. 67

Section 21.42.365(c)(2) should be amended to read as follows:

- (2) "cost" means the lesser of the following
- (a) the actual charge for the treatment received for a mental or nervous condition; or
 - (b) the usual, customary and reasonable charge for the treatment as determined by the contract of coverage; or
 - (c) the charge agreed to by contract between the provider and the third party payor;

Richard M. Babyak & Associates

March 23, 1988

The Honorable John L. Sund
Chairman
House Judiciary Cmte.
P.O. Box V
Juneau, AK 99811

APR 5 1988

Dear Mr. Sund:

As you are aware, mental health problems are becoming one of the top issues demanding our immediate attention. The frequency and intensity of the problems are escalating, as are the attendant costs and burdens on state coffers.

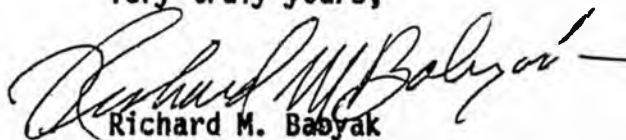
Upon review of the mental health problems, it becomes very apparent that the hospitalization of clients in need of services is an extremely expensive proposition. In my travels, I have seen a probable solution. There are many alternative residential rehabilitation programs that exist for treating people with mental health conditions. They are providing superior treatment environments in open community settings. Also, they are professionally staffed and ultimately more effective than inpatient hospitals. The cost is way below that of hospitalization.

In order to resolve these problems, I propose that you, as a state lawmaker, introduce a bill similar to Texas SCR #62, a copy of which is enclosed. A bill of this type will make a profound difference in providing a mandate for insurance companies to assume some of your state's burden of mental health costs. As a result of the mandate, the insurance companies would open up a new alternative in lieu of expensive inpatient hospital treatment.

A model program of alternative residential and day treatment care exists at Wiley House, which is located in Bethlehem, Pennsylvania. This comprehensive institution serves 1,500 clients on any given day and also serves as the base service case management unit for mental health in Lehigh County, Pennsylvania. If you should desire additional program materials similar to those enclosed, to serve your purposes when discussing alternative mental health systems and relative legislation, you are welcome to request such information from: Mr. Richard Biolsi, Assistant Executive Director, Wiley House Treatment Centers, 1650 Broadway, Bethlehem, PA 18015.

Should you wish to discuss the bill or other related issues, please give me a call.

Very truly yours,


Richard M. Babyak
President

Enclosure

WHEREAS, Besides his overriding concern for the children of Texas, Senator Aikin was a devoted friend of the educators of this state and a strong proponent of increased pay for teachers and a strong teacher retirement system; and

WHEREAS, Beloved by his legislative colleagues and known as the conscience of the Senate, Senator Aikin served the legislature longer than any other individual in the state's history; and

WHEREAS, Through generous donations to the Aikin Fund by this esteemed gentleman's many friends and matching funds from the Permanent University Fund, the Aikin chairs became a concrete reality and an appropriate memorial to the life and service of the Honorable A. M. Aikin, Jr.; now, therefore, be it

RESOLVED, That the Legislature of the State of Texas hereby recognize the creation and establishment of the Aikin chairs as a permanent and lasting tribute to Senator A. M. Aikin, Jr.

Adopted by the Senate on March 14, 1985; adopted by the House on April 11, 1985.

Approved: April 23, 1985

Filed: April 24, 1985

S.C.R No. 62

WHEREAS, Recognizing that demands on the mental health delivery system continue to increase at a time when the state faces severe financial stress, it is imperative that all available sources of funds be utilized; and

WHEREAS, Current insurance regulations emphasize hospitalization programs rather than rehabilitative programs for those persons with mental disabilities; and

WHEREAS, Many persons with mental disabilities can receive more appropriate and beneficial treatment in less restrictive residential programs; and

WHEREAS, Apartment programs, foster care, and Fairweather lodges are significantly less expensive and more rehabilitative to those persons with long-term mental disabilities than hospitalization programs; now, therefore, be it

RESOLVED, That the 69th Legislature of the State of Texas hereby request the cooperation of the Texas Department of Mental Health and Mental Retardation and the State Board of Insurance in the implementation of the recommendation of the Legislative Oversight Committee on Mental Health and Mental Retardation to augment existing sources of funds for persons with mental disabilities; and, be it further

RESOLVED, That the Texas Department of Mental Health and Mental Retardation and the State Board of Insurance be directed to work with the insurance industry in developing a plan for reimbursement of the expenses for rehabilitative residential programs in lieu of more costly programs; and, be it further

RESOLVED, That an official copy of this resolution be prepared and forwarded to the commissioner of the Texas Department of Mental Health and Mental Retardation and the commissioner of the State Board of Insurance as an expression of the wishes of the Texas Legislature.

Adopted by the Senate on April 18, 1985; adopted by the House on May 17, 1985.

Approved: June 15, 1985

Filed: June 16, 1985

S.C.R No. 63

WHEREAS, Recognizing the availability of appropriate community residential services is a major factor in the development and implementation of a substantially communi'



American Association for Marriage and Family Therapy

MARITAL AND FAMILY THERAPY FACT SHEET

- o Marital and Family Therapy (MFT) means the diagnosis and treatment of mental and nervous disorders within the context of marital and family systems.
- o The provision of marriage and family therapy is already covered as a mental health benefit in many health benefit programs. It is not a new benefit. AAMFT believes in freedom of choice or direct recognition which allows the beneficiary to choose to have his/her health service provided by a range of qualified providers including marriage and family therapists. A sizeable research literature, together with a recent United States Office of Personnel Management (OPM) Study affirm that freedom of choice decreases the fees charged by mental health practitioners and does not lead to over-utilization of services. Many studies have shown a "cost-offset" when mental health coverage replaces traditional and expensive medical services. The "cost-offset" phenomenon is well recognized and accepted.
- o Marital and Family Therapy is recognized by the United States Government as a separate and distinct mental health discipline. Because of its uniqueness, in 1978 the United States Department of Health, Education and Welfare designated the Commission on Accreditation of the American Association for Marriage and Family Therapy as the sole national accrediting agency for graduate and post-degree educational and training programs in the field of marital and family therapy. The Government recognized that Marriage and Family Therapy is not simply a part of some other discipline like psychiatry, psychology, and social work. This recognition has been renewed three times, most recently in 1985.
- o Licensed marriage and family therapists (or in states where there is no licensure, MFT's who are clinical members of the American Association for Marriage and Family Therapy) are well trained. They have received extensive coursework and supervised clinical experience in marriage and family therapy. Clinical members of AAMFT have a minimum of a Master's Degree and two years of post-graduate experience.
- o Research shows that marriage and family therapy is the most effective treatment for many crucial problems facing America's families today--such as family violence, substance abuse, delinquency, and eating disorders. Since 50% of all marriages are projected to end in divorce, our nation's couples clearly need this help.



American Association for Marriage and Family Therapy

INFORMATION SHEET

The American Association for Marriage and Family Therapy, AAMFT, has long been established as the national professional association for marital and family therapists in the United States and Canada. Founded in 1942, AAMFT has nearly 13,000 members and divisions in almost every state. The members of AAMFT have met rigorous educational and training standards which have been established as entry criteria into the profession of marital and family therapy. The AAMFT clinical membership requirements help the public identify well educated, skilled and ethical practitioners in marital and family therapy which, in turn, helps to serve the growing public demand for marital and family therapy services.

Clinical members of AAMFT have completed specific post-graduate training in marital and family therapy as well as extensive supervised clinical practice with couples and families. In an effort to advance professional understanding of marital and family behavior and the treatment of marital and family dysfunction, the Association publishes the widely respected Journal of Marital and Family Therapy. This journal is viewed as a leading publication in the field of marital and family therapy. AAMFT also publishes a bi-monthly newspaper, entitled the Family Therapy News. In addition, the Association sponsors an annual conference, with an attendance of approximately 4,000 marital and family therapists who participate in over 250 workshops, training institutes, seminars and symposia emphasizing the most recent developments in marital and family therapy theory, technique and research.

As the leading national professional association in the field, AAMFT has been the forefront in promoting the education and training of marital and family therapists. In 1978, AAMFT's Commission on Accreditation for Marital and Family Therapy Education was officially recognized by the United States Department of Health, Education and Welfare as the sole national accrediting agency for graduate and post-degree educational programs in the field of marital and family therapy. The Commission's recognition has been renewed three times by the United States Department of Education, most recently in 1985.

For more information about the practice and profession of marital and family therapy, please contact the American Association for Marriage and Family Therapy.

THE FOURTH MENTAL HEALTH DISCIPLINE

The field of marriage and family therapy is frequently referred to as the "Fourth Mental Health Discipline." The other three disciplines - psychiatry, psychology, and social work - are certainly older than the field of marriage and family therapy, but this new discipline has evolved rapidly to achieve its position of status in the mental health field. One reason for this occurrence is that it was initially populated by members of the other three disciplines and subsequently was able to advance based upon the collective experience of these contributors. Another reason of significance, is that these other disciplines all had historically acknowledged the role of the family in the development of human problems, as well as the treatment process. The profession of marriage and family therapy evolved as the profession wherein the collective body of knowledge regarding clinical implications of the family were gathered and developed, as well as the place where those who espoused this view gravitated to. From a review of the historical development of this field one quickly appreciates the important roles played by members of each of the other three mental health disciplines in its evolution. Because of the diversity of backgrounds of the pioneers in this field, there was a creative competition among them that also contributed to the rapidity of its growth. Psychoanalysis, like many other schools of thought, only had the creative benefit of Sigmund Freud as its one primary developer.

While marriage and family therapy has a short history, it does have a long past. The earliest traces of the family as a significant treatment factor can be found in Freud's early works. He was convinced that human conflicts were spawned in early interactions between children and their families. While he acknowledged the importance of the family in this regard, he attempted to isolate the family from treatment in order to "liberate" his patients from the problems of the family. It was as though he viewed the family as an infectious disease to be kept out of the "psychoanalytic operating room." Like Freud, most clinicians in the first half of this century acknowledged the family as an important variable in human problems and also continued to exclude the family from the treatment process.

It was not until the 1950's that the field of marriage and family therapy, as known today, began to become evident. About this time, early pioneers began to include family members in the process of helping to effect change. These practitioners were recognizing that it was every bit as important to understand and treat what was happening between people as it was to focus on what was happening inside of the individual. While clinical observation was demonstrating that it was productive to include family members in the change effort, a developing body of research findings were also substantiating this factor.

The decades of the sixties and seventies resulted in the firm acknowledgement of marriage and family therapy as the "fourth mental health discipline." The primary professional association which marriage and family therapists identify with is the American Association of Marriage and Family Therapy (AAMFT).

This Association is headquartered in Washington D.C. and has primary responsibility for the certification and endorsement of both training programs and individual practitioners. Individuals and training programs seeking the professional endorsement of this Association must first meet the professional standards established and then demonstrate their professionalism by meeting on-going continuing education requirements and review of their currency in the field. While the AAMFT has certain service functions it makes available to the professional membership, it continues to have as a primary function that of insuring that quality services are being made available to American families. Consequently, one means the American public has available to insure quality of the individual who might provide marriage and family therapy services is to determine if they are a clinical member of the AAMFT. The current membership of AAMFT is approximately 12,000.

While the AAMFT is responsible for National membership and monitoring of the development and maintenance of the profession at that level, most states also function with a separate division. Alaska is no different in this regard and recently formally organized the Alaska Association for Marriage and Family Therapy. Although our membership is smaller (25) than other states (such as Wisconsin, 200), we are very active in developing the field of Marital and Family Therapy in Alaska. While the AAMFT has their annual convention in different major cities across the nation, Alaska will also have a separate annual state convention. The purpose of this convention, as with the national convention, is to provide the membership with an opportunity to engage in continuing education and insure that individuals are current in their understanding of recent developments in the professional field. The State Association (Alaska Association for Marriage and Family Therapy), as with the national parent organization, is also concerned with monitoring legislation and other significant developments that have implications with regards to the American family. While the intent of both Associations is to insure high quality care to families by clinicians, it is also concerned with attempting to influence societal changes in a fashion that can foster even more optimal functioning by the families of the state and nation. While the American family has long been regarded as the most significant and enduring building block of our society, there is probably no professional association that has such a centralized focus on its care and preservation than the AAMFT and its state division, the Alaska Association for Marriage and Family Therapy.

Family Therapy

NEWS

Newspaper of the American Association for Marriage and Family Therapy

VOL. 19 NUMBER 1

1717 K Street, NW, #407, Washington, DC 20006

JANUARY-FEBRUARY 1988

Action in All Parts of US

1987 was Biggest Year Ever In State MFT Regulation

Passage of a marital and family therapy licensure act in Massachusetts late in 1987 topped off the busiest state MFT regulatory year in history. Four states had already enacted new legislation earlier in 1987 and four others had amended existing MFT regulatory statutes.

The American Association for Marriage and Family Therapy had recognized Minnesota and Washington laws as being consistent with AAMFT legislative policy and had given tentative approval to a new Wyoming act prior to the Bay State action. Legislation in the fifth new state, Rhode Island, was not recognized by the AAMFT. The intent of the AAMFT policy is to provide the public with qualified practitioners who have met adequate educational and training standards for the practice of marital and family therapy. Approval of a state's regulatory act by the organization also has the practical outcome of making licensed/certified individuals in the state immediately eligible for organizational membership.

Changes in existing laws were enacted in Connecticut, Florida, Nevada, and Utah. The Connecticut statute had mingled state recognition with prior membership in the AAMFT, a condition not sought or approved by the organization. That provision was struck from the law. Presence of a similar provision in the new Rhode Island statute is one of the reasons that legislation has not received AAMFT approval. In 1987, the state of Connecticut clarified the grandparenting provision within the law. As reported earlier in the *Family Therapy News*, Nevada changed its law from certification to licensure, enacted a freedom-of-choice law for reimbursement to consumers, and granted confidentiality

considerations to clients of MFTs. Utah's law was strengthened and extended through 1998 after a sunset review. Florida removed marital and family therapists from regulation by administrators in the state's Department of Professional Regulation by establishing a new board to regulate MFTs and other groups.

The Massachusetts Story

Massachusetts' new law is similar to Georgia's regulation. MFTs will be licensed along with other "allied mental health and human services professions." A nine member board will consist of three public members and two members each from MFT, rehabilitation counseling, and mental health counseling.

The practice of "marriage and family therapy" is defined in the act as "the rendering of professional services to individuals, family groups, couples, or organizations, either public or private for compensation." It includes "applying principles, methods and therapeutic techniques for the purpose of resolving emotional conflicts, modifying perceptions and behavior, enhancing communication and understanding among all family members and the prevention of family and individual crisis" and permits the practice of "psychotherapy of a nonmedical nature with appropriate referrals to psychiatric resources."

Educational and experience requirements include as a minimum a master's degree in "a relevant field" with a "subsidiarization in marriage and family therapy" and two additional years of supervised clinical work. Reciprocity is required where the board determines that the requirements met in another state by an

applicant are equal to or exceed the Massachusetts requirements.

The Massachusetts legislature did not appropriate funds for the operation of the board. It was not clear at press time when operational funds would be made available.

Emily Mudd Mitchell, MA (Concord), has been the prime mover over a period of several years in the Massachusetts effort to secure regulation of MFTs.

Recent Developments in Other States

Washington's heavy legislative and regulatory activity in 1987 included the appointment of an advisory council to assist the state's Department of Licensing in drafting regulations for implementation of the new statute. Among the council members are Ronald Lewis, MS (Puyallup), Bert Powell, MA (Spokane), and Charles York, PhD (Tacoma). The regulations are being written at the present time.

Important persons in seeing the legislation through to a successful conclusion

were Richard D. Fitzgerald, MSW (Spokane), president-elect of the Washington Association for Marriage and Family Therapy; Brenda Kerr, MA (Renton), WAMFT president; and Michael Nugent (Auburn), former WAMFT legislative chair.

The key players in securing passage of the Wyoming law were Ron Jeffrey, MA (Cheyenne), president of the Wyoming Association for Marriage and Family Therapy; and Edwina Waldrip, MSW (Cheyenne), a past-president of the Wyoming association. The new regulatory board was appointed last August. Work on drafting board regulations began during the fall and grandparenting of practitioners under the new act was scheduled to begin in January, 1988.

Minnesota's activities are covered elsewhere in this issue of the *Family Therapy News*. ■

Michael Bowers, MA, Divisional Liaison for the American Association for Marriage and Family Therapy, contributed significantly to this report.

Off and Treating—

CHAMPUS Demo Project For MFTs Underway

A demonstration project in which marital and family therapists are functioning as fully independent providers under CHAMPUS (the Civilian Health and Medical Program of the Uniformed Services) got underway December 1. The demonstration project, mandated in 1986 by the US House of Representatives Armed Services Committee, is intended to determine whether MFT services can be delivered in a more cost-effective manner without physician intervention. The committee questioned the need for physician

providers will be compared. Licensed/certified MFTs from Connecticut and New Jersey who are CHAMPUS authorized, meet the clinical membership requirements of the American Association for Marriage and Family Therapy—although not necessarily members, and agree in writing not to seek reimbursement from the beneficiary if their claim for services is denied by CHAMPUS will be compared with MFTs from New York and Massachusetts who meet similar criteria except for being state licensed/certified.



Good News and Bad News—

Kennedy Bill Includes Mental Health Benefit But Would Invalidate State Freedom-of-Choice

Legislation that would have a significant positive and negative impact on marital and family therapists and other qualified health care providers is before the 100th Congress. Perhaps the most important and far-reaching in consequences is the "Kennedy-Waxman" legislation that would affect 34 million uninsured Americans. It is regarded as a mixed package because although it seems likely that the one bill will mandate a minimum mental health benefit, as currently drafted the legislation still would invalidate all state laws pertaining to health insurance. The outcome would be the invalidation of all state freedom-of-choice laws that require the direct recognition and reimbursement of MFTs and other mental health professionals and the setting aside of state statutes requiring a minimum mental health benefit in health benefit programs.

The proposed legislation was introduced late in the 1987 Congressional session by Sen. Edward Kennedy (D-MA), Chair of the Senate Labor and Human Resources Committee, and Rep. Henry Waxman (D-CA), Chair of the Subcommittee on Health and Environment of the House Committee on Energy and Commerce. Given the title of Minimum Health Benefits for All Workers Act of 1987, the bills (S.1265 and HR 2508) would require employers to provide a minimum health benefits package for all workers who work more than 17 hours per week.

Sen. Kennedy's bill is expected to be considered early in 1988. Rep. Waxman and his subcommittee are not expected to take up the legislation in the House until after the Senate takes action. Thus, the



Sen. Edward Kennedy (D-MA)

immediate advocacy efforts by concerned groups are aimed primarily at Sen. Kennedy and his staff and at the Senate Labor and Human Resources Committee.

AAMFT Active in Advocacy

The American Association for Marriage and Family Therapy (AAMFT) has worked since before the introduction of the legislation to lobby for the inclusion of both a required mental health benefit and freedom-of-choice language to require the direct reimbursement of MFTs and other qualified mental health professionals. A close advocacy coalition with social workers continues. Additionally, the California Association of Marriage and Family Therapists is working actively in concert with the AAMFT to secure inclusion of freedom-of-choice language for MFTs.

Calling the Kennedy-Waxman bills "one of the most significant pieces of health legislation of the last decade" and the AAMFT's "highest priority in this session of Congress," AAMFT Executive Director Mark R. Ginsberg, PhD, recently declared that "Although the outcome is unknown, it is clear that we are sitting at the appropriate table in our advocacy efforts and making every possible effort to secure inclusion in this legislation." Ginsberg, other members of the AAMFT staff, and Steven L. Engelberg, the organization's general counsel, have been meeting regularly with key Congressional staff.

Legislative Alert Sent Out

A legislative alert requesting grassroots support has been sent out by Ginsberg and AAMFT Government Relations Representative Deborah Simmons, MA, to members of the organization living in key states represented on the Senate Labor and Human Resources Committee. The alert requests that members in those states write their Senator urging the inclusion of language in S.1265 requiring both a minimum mental health benefit and freedom-of-choice for consumers to select MFTs and other qualified mental health professionals. Members of the organization also have been urged to point out that health economics research consistently has shown that freedom-of-choice increases consumer access and availability of necessary health care services without increasing costs.

"With intensive lobbying, S.1265 could include federal freedom-of-choice language to require that *all* health insurance and other health benefit plans provide



Rep. Henry Waxman (D-CA)

direct reimbursement for marital and family therapists and other qualified health care professionals," Ginsberg and Simmons wrote in the legislative alert. "This is an important opportunity for AAMFT members," they declared.

The Senate Labor and Human Relations Committee includes Senators Edward Kennedy (D-MA), Chairman; Claiborne Pell (D-RI), Howard Metzenbaum (D-OH), Spark Matsunaga (D-HI), Christopher Dodd (D-CT), Paul Simon (D-IL), Tom Harkin (D-IA), Brock Adams (D-WA), Barbara Mikulski (D-MD), Orrin Hatch (R-UT), Robert Stafford (R-VT), Dan Quayle (R-IN), Strom Thurman (R-SC), Lowell Weicker (R-CT), Thad Cochran (R-MS), and Gordon Humphrey (R-NH). Senators Simon and Weicker are co-sponsors of the Senate bill. ■

TESTIMONY BY GORDON E. EVANS
ON BEHALF OF HEALTH INSURANCE ASSOCIATION OF AMERICA
BEFORE HOUSE HESS COMMITTEE
ON CSSB 67 (HESS)

February 9, 1988

My name is Gordon Evans and I represent the Health Insurance Association of America ("HIAA"), which is a national trade association of the private health insurance industry. Its members include more than 330 companies writing over 85% of the health insurance policies written by private insurance companies in the United States. Blue Cross and Blue Shield plans are not HIAA members.

In its present form as CSSB67 (HESS), this legislation would require insurers doing business in Alaska -- and that includes both those companies selling disability (health) insurance policies and hospital or medical service corporations providing subscriber contracts -- to offer insurance coverage for the treatment of a mental or nervous condition. The proposed House Committee Substitute, which is identical to the version unsuccessfully proposed by Senator Faiks in the Senate Finance Committee last session, would mandate provision of such coverage.

While the HIAA does not oppose insurance coverage for the treatment of a mental or nervous condition, the Association does oppose any legislation which requires insurers to provide particular benefits in their health insurance policies, for

reasons which I will set out. Historically, HIAA has opposed the enactment of any mandated health benefit laws for the following reasons:

- (1) Mandated health benefit laws erode the ability of insurance companies to tailor health benefit packages to meet the needs of particular plans and to market group health insurance policies to large plans on a national basis.
- (2) Mandated health benefit laws contribute to the rapidly escalating cost of health insurance. The net effect of mandating the level of benefits coverage called for by the proposed House CS for CSSB67 would be to increase the cost of benefit coverage to insurers and to drive up the price of insurance premiums to the consumer. Mental health benefits are among the most costly, if not THE most costly, of benefit coverages. This could result in increasing the cost of doing business for employers who offer group coverage to their employees. It is even conceivable that affordable premium rates could not be established for individual policies to make coverage feasible.

- (3) Mandated health benefit laws promote self insurance. This legislation would not apply to self insurers or those with employee welfare benefit plans which are exempted under ERISA.

In summary, HIAA's opposition to CSSB67 is based on the fact that HIAA favors the preservation of a system that allows the prospective purchaser of health insurance free choice of which risks he or she wishes to cover from among the various coverages offered by competing insurance carriers. The HIAA also believes that the choice of how the policyholder spends what funds are available for health insurance should be free of governmental decree.

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Sitka Mental Health Clinic

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Sitka, Alaska 99835
(907) 747-8994

Michael Boyd, Ph.D.
Psychologist

12-9-87

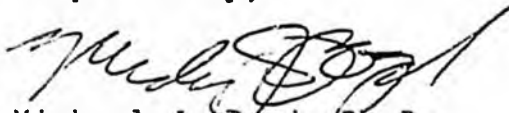
Honorable John Sund
Chairman House Judiciary Committee
Rm. 120
Capital Building
P.O. Box V
Juneau, Alaska 99811

Dear Representative Sund:

I am writing concerning CSSB 67 which is scheduled to come before your committee during the upcoming session of the legislature. CSSB provides for insurance coverage for treatment of mental or nervous conditions. I would like to encourage you to speedily act on CSSB 67 and refer it on with a recommendation of approval by the house.

State funded mental health programs depend on insurance payments for much of their revenue. At this time, many insurance companies will not pay for treatment provided by someone who is not a psychiatrist or licensed psychologist. While many clinics are directed by psychologists or psychiatrists, few can afford to have professionals of that level as primary care givers. CSSB 67 provides that state funded mental health clinics would be eligible for insurance payments as long as a therapist is supervised by a physician or a psychologist. With the provisions of CSSB 67, state funded mental health clinics would be more able to collect needed revenue from third party payors.

Respectfully,



Michael J. Boyd, Ph.D.
Psychologist

MB/imr

cc: Nilo Koponen
Albert P. Adams
Johnny Ellis

DIXIE A. HOOD, M.A.
Marriage, Family & Child Counselor

April 17, 1988

Representative John Sund
Chairman, House Judiciary Committee
Alaska State Capitol
Juneau, Alaska

Re: House CS for CS for Senate
Bill No. 67 (HESS) (Insurance
coverage for the treatment of a
mental or nervous condition.)

Hon. Chairman Sund,

This letter is in support of insurance coverage for the treatment of a mental or nervous condition. I wish to address two issues.

First, psychological intervention has been demonstrated to be a means of decreasing the length of treatment and cutting medical and hospital costs. I am enclosing an article from Psychology Today (August, 1987) which discusses these benefits in more detail. Through physician referrals to me as a therapist I have personally been able to work with patients and see these gratifying results of decreased symptomology, first hand.

That leads me to the second issue. As a Marriage, Family and Child Counselor (trained and licensed in California), I have the professional competence to provide therapy for patients seeking treatment for a mental or nervous condition. I am requesting that language of the Bill be modified to include "a marital and family therapist who is licensed or certified as a marital and family therapist by a state or is a

Clinical member of the American Association for Marriage and Family Therapy."

I believe this insurance bill is an important step in increasing consumer choices for health care without increasing costs. I urge you to support the legislation with change suggested for inclusion of marriage and family therapists as qualified providers. Thank you for your consideration.

Respectfully,
Dipe A. Hood

Help for the Worried Well

PSYCHOLOGICAL INTERVENTION CUTS MEDICAL AND HOSPITAL COSTS AND HELPS PEOPLE FEEL BETTER.

BY CAROL TURKINGTON



Sadie has suffered with intractable headaches ever since her husband fatally shot himself in the head 15 years ago after she divorced him. But no physician could find anything physically wrong with her. Test after test uncovered nothing, bills piled up—yet the headaches continued. Physicians took to shaking their heads over her voluminous chart and began to tell Sadie bluntly: "There's nothing wrong with you. It's all in your head." But Sadie's pain was very real. When she finally arrived at the Biodyne Institute, a mental-health facility in Hawaii, she brought with her a grocery bag filled with 43 drugs she was taking for her headaches. Such desperate searching is not unusual.



The surprising fact is that as many as two-thirds of patient visits to the doctor are made by the "worried well," people psychologists call "somatizers." But because the patients and the physicians are unwilling or unable to see the problem's emotional component, patients trek from physician to hospital and back again, searching for a pill, a shot or an operation that will stop the hurting.

Psychologist Nicholas Cummings, who founded the Biodyne Institute, says, "Some patients spend as much as \$28,000 a year in a fruitless attempt to isolate a physical cause for what is basically an emotional problem. . . . On some days these patients saw four different physicians." Cummings says he never disputes the reality of patients' difficulties. "I can say with all honesty: I know you hurt. But as long as you're here, tell us a bit more about you." The psychological treatment often helps somatizers when others have failed. After only four sessions at Biodyne, for example, Sadie's headaches disappeared.

In dozens of studies over the last 30 years, researchers have found that providing psychological care to patients like these can cut medical costs anywhere from 5 to 80 percent by reducing expensive visits to physicians. These savings have been documented with a variety of patients in health maintenance organizations and with private patients. The psychological treatments range from traditional psychotherapy of various kinds to behavioral interventions such as biofeedback, visualization and other stress-reduction techniques.

One just completed study at Harvard University suggests that psychological treatment for patients may cut subsequent health-care visits almost in half. Researcher Caroline Hellman and colleagues studied 80 patients who belonged to the Harvard Community Health Plan (HCHP). They had two types of problems—physical symptoms with no known organic basis or physical illnesses with an organic cause that are influenced by psychological factors. These two categories account for an estimated 50 to 75 percent of the patients seen by general practitioners. Specific problems included hypertension, shortness of breath, indigestion, diarrhea, headaches, dizziness, sleep problems, eating or weight problems and anxiety, stress and ten-

IN ALCOHOLISM TREATMENT PROGRAMS, PSYCHOTHERAPY REDUCED SICK DAYS AND MEDICAL COSTS DRASTICALLY.

sion. During the six months before the study, these patients visited the health plan more than twice as often on the average as other HCHP members.

The researchers divided the patients into three groups. One followed the "Ways to Wellness" program developed at HCHP; another took part in the "Mind-Body Group" program developed at Beth Israel Hospital in Boston. Both of these groups met for six weekly sessions during which they were taught visualization and ways of reframing attitudes; they also received relaxation and awareness training.

The third group met for two sessions, in which the patients learned about the relationship between stress and illness and were given stress-management exercises to do at home. The researchers used this group to compare the benefits of receiving only information, combined with the expectation of helpful treatment, against the benefits of more intensive group training and participation.

Immediately after the study ended, all patients felt better physically and psychologically. As time passed, however, only those in the first two groups maintained or increased their improvement. They also used health-plan services less frequently. Comparing six months before treatment and six months after, patients in the first two groups cut their visits to the HCHP by 47 percent. Patients in the third group increased their visits 28 percent.

The potential savings to the health plan during these six months, according to Hellman, ranged from \$171 to \$252 for each patient. In addition, Joan Borysenko, associate director of the behavioral medicine division at Beth Israel, reports that the Mind-Body pro-

gram also helped patients with insulin-dependent diabetes by lowering blood glucose and gave cancer patients a greater sense of control and reduced their stress.

One reason for doing studies like these at Harvard and in Hawaii is to see whether psychological care is cost-effective; that is, is the cost of providing mental-health care offset by savings in other medical services? Patrick DeLeon, a psychologist who is administrative assistant to Sen. Daniel Inouye of Hawaii, expresses the idea simply: "To prove that psychotherapy is cost-effective, you have to show what kinds of therapy work under what conditions and with what kinds of patients. The essence of being cost-effective is proving that what you are doing works."

The research findings are consistent, says Bryant Welch, an associate executive director of the American Psychological Association. "If you use prompt psychological interventions, you can make a substantial decrease in patient population needs to use more expensive treatment. All the data indicate that psychological services are cost-effective. There are some discrepancies as to how much."

One reason for the discrepancies is that different symptoms and problems respond differently to various kinds of therapy. Psychologist Robert Rosen of the Washington Business Group on Health (WBGH), an organization whose members include 200 large corporations, offers this example: "If someone is experiencing acute depression, a combination of drugs and psychotherapy is likely to produce greatest gains in reducing medical costs. But for phobias, behavioral or cognitive intervention may be the most cost-effective. It depends on what kind of problem you have and what kind of therapy you're offering."

Alcohol- and drug-abuse problems are major causes for absence and accidents in the workplace. Rosen, who is director of the Institute on Organizational Health at WBGH, points out, "If you treat someone for substance abuse, they are more likely to stay out of the hospital. In general, if the benefits and therapy are properly designed, and there is a good match between the type of therapy and the problem, you can [offset the cost of therapy by] reducing medical expenditures."



When Kenneth Jones and Thomas Vischi looked at 12 studies of alcoholism treatment programs for the Alcohol, Drug Abuse and Mental Health Administration, they found that therapy cut medical care 26 to 69 percent and reduced the number of sick days 38 to 47 percent. In one example, the Philadelphia Police Department estimated that it saved about \$1,000 in health-care costs for every inpatient who was treated for alcoholism.

Sociologist Emily Mumford and four colleagues analyzed 58 studies of how psychological treatment affected patients' later medical costs and reviewed claims files for a Blue Cross and Blue Shield Federal Employees Plan. They found that 85 percent of the studies "reported a decrease in medical utilization following psychotherapy." The researchers concluded that the evidence they found "argues specifically for the likelihood that mental-health treatment may improve patients' ability to stay healthy enough to avoid hospital admission for physical illness."

Sociologist Harold Holder and

PSYCHOLOGICAL
INTERVENTION CUT
HOSPITAL STAYS
AFTER MAJOR SURGERY
BY AN AVERAGE OF
TWO DAYS.

James Blose completed a four-year study in 1985 for the National Institute of Mental Health in which they compared the health-care costs of people before and after receiving psychological treatment. Holder and Blose found that during the three years before the first treatment, there was a gradual rise in the frequency and expense of these patients' visits. Six months before the treatment started, the average medical cost per month

was \$493. Once treatment started, the cost decreased quickly and considerably to a monthly average of \$239 during the first six months and of \$137 three years later.

"The overall finding of a significant drop in total health-care costs following initiation of mental-health treatment," Holder and Blose concluded, "is consistent with much of the prior research."

Another study at the former United States Public Health Service Hospital in Baltimore demonstrated both the long-term effectiveness and potential cost-effectiveness of biofeedback treatment. According to Eileen Mager, one-time director of the Psychophysiology Clinic at the hospital, patients treated in the clinic made about 30 percent fewer visits to the clinic in the two years following treatment than they had before treatment.

Several studies also suggest that since older people generally use more medical care, of a more expensive kind, than young people do, the cost benefits of psychological intervention increase with age. In their research,

for example, Holder and Blose found that the most significant drop in health-care costs occurs for the treated people age 65 and over and the least for those under 45.

The benefits of therapy aren't re-

stricted to diseases with an obvious psychological component. Writing in the *American Journal of Public Health*, psychologist Herbert Schlesinger and four colleagues reported that a recent study of diabetes, isch-

emic heart disease, hypertensive heart disease, asthma and emphysema showed that the use of mental-health services reduced medical costs. Reviewing 13 other studies, Mumford, Schlesinger and psychologist Gene Glass also found that psychological intervention cut hospital stays after major surgery by an average of two days.

Why does counseling affect what seem to be purely physical problems? Psychologist George Everly Jr. suggests that we do not yet fully understand the link between mind and body. Everly, a visiting scholar at Harvard University, is studying why behavioral interventions seem to work with a host of seemingly disparate somatic and mental disorders. He believes a number of diseases (including hypertension, migraines, peptic ulcers, Reynaud's disease, irritable bowel, anxiety and adjustment problems) are "disorders of arousal" that originate in the limbic system of the brain and are thus helped by relaxation strategies. These disorders respond to behavioral interventions not only because they have a "common pathogenic thread," he believes, but because the treatment makes patients take an active part in their own health care.

Everly believes that applying one kind of therapy to a variety of disorders is more cost-effective than using different approaches for each. He has found, for example, that many patients do better no matter which stress-reduction technique he uses.

"You can't disallow the placebo effect," he admits, "but there is a common therapeutic thread among these disorders that responds to stress reduction. And it is clearly possible that certain behavioral techniques are cost-effective . . . by making the patient an active participant in his own care. Training patients to use behavioral techniques instead of visiting their doctor could greatly reduce costs.

"The best thing that could happen," Everly concludes, "is the hospital is there, and there is no need for anyone to come." □

Carol Turkington is a science writer who lives in Reading, Pennsylvania. She was formerly a staff writer with The APA Monitor.

To order reprints of this article see the classified section.

HELP ON THE JOB

The operator working his sheet metal press that day was angry, upset and distracted. He was having trouble at home, caused in part by alcohol, and his supervisor had just blamed him for something that wasn't his fault. To make matters worse, he hadn't quite recovered from the effects of the drinking he had done last night and several nights before that.

Although he was an experienced operator, distraction and fatigue threw off his timing. Before he realized it, the three-ton press had clipped off part of his thumb. Physicians and physiotherapists finally restored use of his hand, but only after nine weeks of missed work and costly rehabilitation.

Accidents like this cost U.S. businesses more than \$32 billion each year in disability payments, workers' compensation, lost productivity and poor morale, according to the St. Paul Fire and Marine Insurance Company. Research confirms that most workplace accidents result from the inability of people to cope with stress.

In response to a growing understanding that how an employee feels affects performance on the job and, ultimately, company profits, businesses across the country have begun to offer counseling through Employee Assistance Programs (EAP's). While the first programs usually concentrated on alcoholism treatment, today's 5,000 or so EAP's address a wide range of problems from child-care to emotional distress.

Some companies provide little more than a desk and someone to refer employees to psychologists and other professionals in the community. Other companies provide counseling services on site or con-

tract for outside services. According to Willis Goldbeck, president of the Washington Business Group on Health, comprehensive programs include physical fitness, cardiovascular risk reduction, hypertension control, nutrition, smoking cessation and stress management. Many programs add CPR, life-style education, time management and other ways to manage one's life in a healthier fashion.

Although companies start programs for many reasons, the most important is usually to cut costs. Do they pay off? Goldbeck says that screening its employees for colon and rectal cancer costs the Campbell Soup Company about \$25,000 a year. But a single employee death from such cancer costs the company about \$64,000 in medical expenses and benefits. "They do not have to go too much further to know that for each life saved—a social good—there is a big corporate financial gain."

Numerous studies have shown that counseling and the other programs offered by EAP's help companies reduce absenteeism, decrease employee turnover and lessen health-care expenses. According to Goldbeck, a Kimberly-Clark EAP cut work accidents 70 percent. A five-year Dupont study found that the average annual benefit to the company from an alcoholism program was more than \$400,000. Smoking cessation programs in various companies produce immediate savings in janitorial costs and fire insurance.

"In short," Goldbeck concludes, "wellness programs, quite apart from the benefit to the individual and the broader 'social good,' are in the corporation's financial self-interest."



Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

OFFICIAL BUSINESS

POUCHV
JUNEAU, AK 99811
465-3759

February 26, 1988

Frederick Hillman
2550 Denali St
Anchorage, AK 99503

Dear Frederick,

Thank you for your Public Opinion Message regarding SB 67, health insurance for mental conditions. Senate Bill 67 passed from the House Health, Education and Social Services Committee this past week, and is now in the House Judiciary Committee.

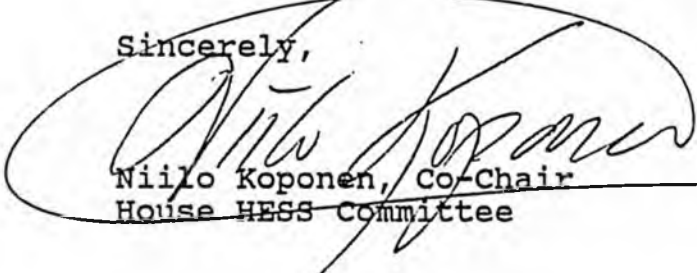
The providers included in House CSSB 67 (HESS) have very stringent educational and national certification requirements. No other state which we are aware of include marriage and family therapists as eligible providers for this type of coverage.

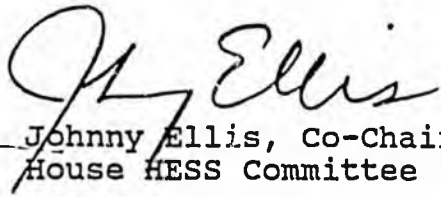
Furthermore, the mental and nervous conditions covered in SB 67 are only those listed in the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

Senate Bill 67 has the further committee referrals of House Judiciary and House Finance. We encourage you to express any further concerns you may have to members of those committees for their consideration.

Thank you again for sharing your views with us.

Sincerely,


Niilo Koponen, Co-Chair
House HESS Committee


Johnny Ellis, Co-Chair
House HESS Committee

FREDERICK J. HILLMAN, M.D.

DENALI NORTH THERAPY ASSOCIATES
2550 DENALI STREET - SUITE 905
ANCHORAGE, ALASKA 99503

(907) 258-1121

13 March 1988

Mr. Niilo Koponen
Mr. Johnny Ellis
Co-Chairs, House HESS Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Koponen and Mr. Ellis,

Thank you for your reply to my Public Opinion Message regarding SB67, health insurance for mental conditions. I should like to enlarge my views a bit on various points that you touch on.

You mention that providers in SB 67 (viz. psychologists and psychiatrists) "have very stringent educational and national certification requirements". I am enclosing material from the American Association for Marriage and Family Therapy (AAMFT) giving requirements for membership, which would be comparable to requirements for licensure in most states. The AAMFT requires a masters degree in a course with content approved by the AAMFT, followed by 1000 hours of face to face contact and 200 hours of supervision, again by supervisors approved by them.

You add "No other state which we are aware of include marriage and family therapists as eligible providers for this type of coverage". So far fourteen states have either licensed or certified family therapists, separately or as part of composite Mental Health Boards. As you are probably aware already, the local chapter of the AAMFT has been trying for the past five or six years to get legislation passed that would license marriage and family therapists in this state, either by ourselves or with social workers and counselors in a Composite Board. I enclose a brochure that shows the situation nationally regarding the AAMFT. Actually, the U.S. Department of H.E.W. has recognized marriage and family therapy as a valid and important part of the field of mental health since 1978 and has designated the AAMFT as the sole national accrediting body for post-degree training in this field.

Regarding the Diagnostic and Statistical Manual of the American Psychiatric Association, marriage and family therapists (MFT's) do treat the same conditions as do psychiatrists and

psychologists and necessarily follow the terminology of the DSM. They are different in that MFT's treat from a 'systemic' or 'interactional' point of view. Disturbed individuals do not act in isolation: they interact with people around them, and conversely, the people in an individual's life affect that person. Family therapists have found that intervention is more effective when interactions are diagnosed and the system is changed, rather than when an attempt is made to diagnose whatever is going on intrapsychically and then to try to change the individual client in isolation. The 'systems' approach of family therapy has been especially effective in the treatment of alcoholism, delinquency, depression, eating disorders, obsessions and phobias (all DSM diagnoses). In other words, marriage and family therapy is not merely "marriage therapy".

Traditionally psychiatrists and psychologists have been trained to deal with individuals and few have been educated in a systems approach. Currently the thrust of psychiatric residencies and research has been toward reliance on drugs. Psychologists have been oriented toward 'behavior modification' or a 'Rogerian' type of verbal therapy in treating individuals. A few medical schools have recently added family therapists to their departments of psychiatry.

The contrast is seen perhaps most clearly in the field of alcohol and substance abuse, where increasingly it is being recognized that treatment of an individual either by drugs or psychotherapy is usually futile unless the family is also involved in therapy (and sometimes friends and employer). One program in Yugoslavia actually hospitalizes entire families of alcoholic workers. Likewise, the most effective programs for the therapy of disturbed adolescents recognize the necessity of treating the families as well.

It is also true that the DSM was devised largely by psychiatrists having an individualistic and drug-oriented point of view, and it is sometimes difficult to fit 'systems' concepts into DSM terminology.

Historically the field of family therapy evolved over the past forty years from several roots. Pioneers in the field included men and women from the fields of psychiatry, psychology, psychoanalysis, anthropology, social work, library science, internal medicine, nursing, child guidance, and research biology. This historical pattern of diversity of origin among MFT's continues at the national level, and it also can be seen in Anchorage.

Let me add a personal note, as I think that I have a unique vantage point. My career was as a general surgeon until I changed fields in 1975 and joined the staff of the Alaska Psychiatric Institute, working there with traditional psychiatrists and psychologists for six years. I took training in family therapy, spent a year at the Anchorage Community Mental Health Center, have been in private practice for four years and have been part of the Adolescent Team at Charter North Hospital for the past year. I have worked closely with practitioners of all kinds of therapy in the field of mental illness, observed many styles and seen many degrees of competence. On the basis of my experience it is my opinion that the most competent therapists in Alaska have been family therapists, mostly at the masters level and coming from many different disciplines. Among the most effective ones in Anchorage currently, I think, are an MSW, a nurse, a clergyman, a psychologist, a psychiatrist, and a couple trained specifically in marriage and family therapy.

Thus the limitation of privileges in SB 67 to psychiatrists and psychologists represents to me an outmoded as well as an unrealistic point of view, one which might have been valid forty years ago but is no longer. You are doing a disservice to the consumers of mental health care in this state when your bill excludes the most competent practitioners in the field.

Sincerely yours,

Frederick J. Hillman

Frederick J. Hillman, M.D.

cc: House Judiciary Committee
House Finance Committee

March 2, 1988

Senator Arless Sturgulewski
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, AK 99811

Dear Senator,

It has come to my attention that Senate Bill #67 Section 21.42.385 section B gives an operational definition of office visit. It should be noted that marriage and family counselors are excluding from providing treatment (through office visits) and receiving major medical reimbursement for marital counseling, family counseling and any other type of joint counseling, for instance, mother-son, father-daughter counseling, etc, etc.

As a profession that is recognized nationally by the Federal Government we believe that marriage and family therapists must be included in this bill. I am a marriage and family therapist in the state of Alaska. I have a Marriage, Family and Child Counseling license from the state of California that is not recognized in Alaska because there is no reciprocity ruling between Alaska and California. I find the exclusion of marriage and family therapists from this bill to be reprehensible. I am very much in support of marriage and family therapists being included for not only licensure but as recipients of major medical benefits for office visits for our clients.

Thank you for your consideration in this matter.

Sincerely



Pamela Kirk
SR 9817 Hiland Drive
Eagle River, AK 99577

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/26/88

FURTHER REFERRALS: Finance

DATE: May 5, 1988

The Judiciary Committee has considered CSSB 67 (HESS)

"An Act relating to insurance coverage for the treatment of a mental or nervous condition."

RECOMMENDS:

- replace with HCS CS SB67 (JUL) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

[Signature]

[Signature]

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature] no rec

[Signature] - no rec

[Signature] (NO REC)

Chairman's signature

Original sponsors: Faiks and Kerttula

1 IN THE SENATE BY THE JUDICIARY COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 67 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance coverage for the treat-
7 ment of a mental or nervous condition."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 21.42 is amended by adding a new section to read:

10 Sec. 21.42.365. COVERAGE FOR TREATMENT OF A MENTAL OR NERVOUS
11 CONDITION. (a) An insurer authorized under AS 21.09 to offer, issue
12 for delivery, deliver, or renew a group disability insurance policy
13 for major medical coverage on an expense-incurred basis in the state,
14 or a hospital or medical service corporation authorized under AS 21.87
15 to offer or renew a group contract for major medical coverage in the
16 state, must provide the insured or subscriber the following coverage
17 for treatment of a mental or nervous condition of the insured, sub-
18 scriber, or other person covered by the policy or contract:

19 (1) 45 days a year of inpatient treatment for each covered
20 individual;

21 (2) a total of 50 hours of outpatient treatment or office
22 visits a year for each covered individual.

23 (b) The insurer or service corporation providing coverage under
24 this section may impose reasonable contract limitations but may not
25 require that the insured or subscriber pay a higher deductible or
26 co-payment for the cost of treating a mental or nervous condition than
27 for the cost of treating another condition or illness.

28 (c) Notwithstanding (a) of this section, if the insured or
29 subscriber is an employer who employed fewer than 20 permanent, full-

1 time employees for each working day during each of at least 20 calen-
2 dar workweeks in either the current calendar year or the preceding
3 calendar year, the insurer, hospital, or medical service corporation
4 is not required to provide the coverage specified in (a) of this
5 section to the insured or subscriber but shall offer that coverage to
6 the insured or subscriber as optional coverage.

7 (d) In this section

8 (1) "consulting relationship" means a relationship that
9 involves review of treatment plans and goals and in-person patient
10 contact on at least a quarterly basis;

11 (2) "co-payment" means the portion of the cost in excess of
12 the deductible portion to be paid by the insured or subscriber;

13 (3) "cost" means the lowest of the following:

14 (A) the actual charge for the treatment received for a
15 mental or nervous condition;

16 (B) the usual, customary, and reasonable charge for
17 the treatment as determined by the contract of coverage; or

18 (C) the charge agreed to by contract between the
19 provider and the insurer, hospital service corporation, or med-
20 ical service corporation;

21 (4) "deductible" means the portion of covered costs that
22 must be incurred before benefits become payable;

23 (5) "inpatient treatment" means treatment of a hospital
24 registered bed patient for whom the hospital makes a daily room charge
25 in

26 (A) a general hospital that is either licensed under
27 AS 18.20 or located and licensed in another state;

28 (B) a psychiatric hospital that is either licensed
29 under AS 18.20 or located and licensed in another state; or

1 (C) a hospital that is located in

2 (i) the state and specifically exempt under
3 AS 18.20.020 from the licensing requirements of the state;
4 or

5 (ii) another state and specifically exempt from
6 the licensing requirements of that state;

7 (6) "major medical coverage" means a disability insurance
8 contract, or a subscriber contract, that provides benefits for hospi-
9 tal and medical care with potential lifetime maximum benefits for the
10 insured or subscriber of at least \$10,000;

11 (7) "mental or nervous condition" means a mental disorder
12 identified in

13 (A) the most current edition of the Diagnostic and
14 Statistical Manual of Mental Disorders published by the American
15 Psychiatric Association; or

16 (B) the most current edition of the ICD-9-CM published
17 by the Commission on Professional and Hospital Activities;

18 (8) "national professional organization" means the National
19 Association of Social Workers; the National Registry of Health Care
20 Providers; the American Association for Marriage and Family Therapy;
21 the American Association of Pastoral Counselors; and the American
22 Board of Examiners in Clinical Social Work;

23 (9) "office visit" means treatment that is not inpatient
24 treatment or outpatient treatment and that is provided through the
25 professional offices of

26 (A) a psychiatrist who is licensed by a state as a
27 physician and certified, or eligible for certification, in psy-
28 chiatry by the American Board of Psychiatry and Neurology;

29 (B) a physician who is employed by the federal
-3- HCS CSSB 67(Jud)